

## GATT Conference to Liberalize Trade May Have Helped Launch a Trade War

By Axel Krause

*International Herald Tribune*  
GENEVA. — A five-day trade conference that ended here Monday did not fail to dent growing worldwide protectionism, but it may also have set the stage for a trade war between the European Community and the United States over agriculture.

In Washington shortly after the conference ended, Agriculture Secretary John R. Brock reiterated earlier threats that the United States would retaliate through such measures as dumping \$3 billion worth of surplus U.S. dairy products on the world market if European nations did not cut subsidies for farm exports.

"We are not going to sit back and do nothing on their mercy way," he said. He added that he was "deeply disappointed" in the outcome of the meeting.

The U.S. threats in Geneva and the manner in which they were conducted — a senior French

governor and senators during the conference, which was sponsored by the General Agreement on Tariffs and Trade agency. The participants included trade officials from about 100 industrialized and developing countries.

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The U.S. threats in Geneva and the manner in which they were conducted — a senior French

negotiator termed the American approach "steamrolling" — greatly strained the overall atmosphere of the conference. Participants emphasized that the purpose of the conference was to attempt to solve a wide range of trade liberalization issues affecting both agriculture and industry worldwide.

The Reagan administration not only wanted the EC to begin moving on reducing farm subsidies, but it also sought agreement to move on a range of trade liberalization measures including the extension of GATT rules to new areas, such as services, high technology and international investments.

The only agreement that emerged in those sectors was to conduct a study on services, which includes the banking, insurance and construction industries.

European trade officials and diplomats also suggested that the

emerging clash over agriculture may have dealt a blow to whatever good will the Reagan administration had recently gained in Europe. EC partners were relieved earlier this month by the U.S. decision to lift controversial sanctions against EC firms using American technology to help build the Soviet natural-gas pipeline. The earlier agreement to settle the bitter dispute with the Common Market over steel exports to the United States also eased trans-Atlantic tensions.

But European trade officials suggested that the threats in Geneva had the unexpected result of uniting Europe — including Britain, which has never hidden its opposition to key elements in the EC's agricultural policy.

"We had to line up with the Common Market on this one, since

the Americans were really going after something fundamental in our EC alliance," the British official said. "The effort was counterproductive. But in fairness, it was not all Bill Brock's fault."

Indeed, on Sunday evening, just hours before the final agreement was reached in Geneva, U.S. Secretary of State George P. Shultz instructed Evan G. Galbraith, the U.S. ambassador to France, to express Washington's "concern" to the Elysee Palace over the French position being expressed by Mr. J. D. L.

Aided by two deputies, David R. Macdonald and Michael B. Smith, Mr. Brock directed what also was regarded as a highly efficient organization — complete with walkie-talkie communications between U.S. delegates in the conference center and a "control center" in suites on the 14th floor of a nearby hotel.

"For pure style, it reminded me of a political convention back home," said a U.S. newsman covering the conference.

European and U.S. sources said Mr. Brock had been under considerable pressure from other members of the delegation. Several influential congressmen and senators participated in strategy sessions. Senator Jesse Helms of North Carolina, chairman of the Senate Agriculture Committee, and Senator Mack Mattingly of Georgia also threatened the Europeans over the farm subsidies in news conferences with other visiting representatives and senators.

"Both Helms and Mattingly were part of the farm lobby working within the U.S. delegation all the time — emphasizing the hard line," one senator's aide said. Senator Robert J. Dole of Kansas and Senator John C. Danforth of Missouri were more reserved in expressing their objections to EC subsidies, he said.

But the overall result, observers said, was to weaken the U.S. effort.

Those U.S. senators and congressmen may have added to the gaiety of the scene, but their attacks on the Common Market's agricultural policy were counterproductive around here," a senior Canadian official said.

Although they rarely met during the conference, Mr. Brock's most formidable opponent was Michel J. D. L.

J. D. L. Robert, France's foreign trade minister, in his opening statement to the conference, Mr. J. D. L. Robert described the goals urged by Mr. Brock as being "as unrealistic as they are impracticable." He was widely credited with having successfully pushed the countering hard line within the EC to resist the U.S. proposals.

"We realize that France was not alone in this and the Europeans in the end were united," a senior U.S. official said. "But Monsieur J. D. L. Robert was undoubtedly the toughest and the most difficult."

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"We thought it was important to make some compromise, if possible," a U.S. diplomatic official said Tuesday. "But it apparently did not have any effect."

## NATO Affirms Plan For New Missiles In Western Europe

Compiled by Our Staff From Dispatches

BRUSSELS. — The Western alliance reaffirmed Tuesday its plans to deploy new nuclear missiles in Europe, but it made a strong plea to the Soviet Union to offer new disarmament proposals.

Defense ministers from 14 North Atlantic Treaty Organization countries issued a declaration pledging to begin deploying 572 Pershing-2 and cruise missiles by the end of 1983 "in the absence of a concrete arms control agreement."

Casper W. Weinberger, the U.S. defense secretary, accused the new Soviet regime of continuing a policy of "bullying" Western Europe into dropping the missile deployment plans.

Responding to a commentary Monday by the Soviet news agency Novosti that expressed fears the missiles would increase the possibility of accidental nuclear war, Mr. Weinberger declared:

"I don't know whether it's a change in policy. This way it appears to me is more of the intimidation more of the bullying of the European communities in the past few months. Their principal aim has been for many years to destroy NATO. And their secondary aim recently has been to make sure that the Pershing-2, which they genuinely fear, and the ground-launched cruise missiles are not deployed."

The defense ministers also condemned a threat by the Soviet Union to place its missiles on hair-trigger alert to counter the deployment of the alliance's missiles.

Defense Minister Manfred Wörner of West Germany said the reaffirmation, made at a meeting of NATO's Nuclear Planning Group, was supported unanimously.

The Soviet Union is particularly concerned by the Pershing-2, which would be able to reach targets in the Soviet Union from

bases in West Germany within a matter of minutes.

The Novosti article said the missile's deployment would oblige the Soviet Union to launch its missiles "on warning" as soon as any NATO missiles were detected heading toward its territory, even if they had been fired by accident.

Mr. Wörner said the real threat to peace was the more than 300 Soviet SS-20 missiles, each armed with three warheads, that are aimed at Western Europe.

Mr. Wörner said the Soviet threat was intended to "intimidate Europeans."

The Pershing, he said, lacked the range to hit either Moscow or the majority of Soviet command and control centers. The decision to deploy 108 of the medium-range ballistic missiles, he added, was a carefully measured response to the SS-20.

At present, the Western alliance has no missiles based in Western Europe that are capable of striking Soviet territory. The Pershings are to be based in West Germany, while 464 subsonic, ground-hugging cruise missiles are to be deployed in West Germany, Britain, Italy, Belgium and the Netherlands.

In Paris, the defense minister, Charles Hernu, cast doubt Tuesday on U.S. determination to defend Europe and urged West European nations to strengthen their own independent defenses.

Mr. Hernu spoke to the assembly of the Western European Union, a seven-nation European organization charged with military matters.

European cooperation on arms production, Mr. Hernu said, "becomes the only reasonable way if European states wish to avoid dependence" on American equipment.

■ Arms Talks Adjourned

U.S. and Soviet negotiators marked their first year of talks on reducing intermediate-range nuclear weapons Tuesday and adjourned the talks until late January. The Associated Press reported from Geneva.

### INSIDE



ITALIAN CRISIS — Amintore Fanfani leaving the Quirinale Palace in Rome on Tuesday after a meeting with President Sandro Pertini. Mr. Fanfani said he was ready to form a government, but difficulties were reported. Page 2.

■ Lech Wałęsa, long a symbol of hope for millions of Poles, now poses a more confused symbolism. Page 2.

■ President Ronald Reagan will not try to accelerate the third stage of his across-the-board tax cut. Page 3.

■ Spurred by strength in the oil stocks, prices on the New York Stock Exchange soared, with the Dow Jones industrial average gaining more than 36 points. Page 9.

■ As President Reagan prepared to leave for a five-day tour of Central and South America, the Nicaraguan government expressed fears that Mr. Reagan's visit could prove unhelpful. Page 5.



Prime Minister Margaret Thatcher waved Tuesday as she left No. 10 Downing Street. She was not hurt by the incendiary device mailed to her office, but the person who opened it was burned.

## González, Moderate and Cautious, Outlines His Programs for Spain

By James M. Markham

*New York Times Service*

MADRID. — In stern and somber tones, Felipe González said Tuesday that his newly formed Socialist cabinet would pursue economic austerity at home and in foreign policy review its military ties to the United States and the North Atlantic Treaty Organization.

In an address to the Cortes, or parliament, Mr. González, 40, who led his party to an overwhelming victory in the elections in October, outlined a domestic and foreign posture as moderate and cautious as the men he has picked to serve in the first Socialist government since the Spanish Civil War.

Tuesday afternoon's session in the Cortes was colored by memories of the unsuccessful coup that interrupted the investiture of Prime Minister Leopoldo Calvo Sotelo on Feb. 23 last year as a band of rebel Civil Guards seized Parliament.

Mr. González expressed "confidence and solidarity" with the armed forces and dismissed as a "minority" those who had plotted against the 1978 constitution.

But he stressed: "We will not permit any action outside the constitution, and those who think they can violate it will find a rigorous response on our part. The 28th of October was the most important defeat for those who want to supplant by force the citizens' will."

The Socialist leader offered only the bare bones of a foreign policy. He said that it would not be "presumptuous" for Spain to expect to enter the European Community within the next four years, extending somewhat a demand by a key deputy, Alfonso Guerra, who has said that Spain should withdraw its application if it is not admitted by 1985.

Mr. González insisted that while Spain was a member of "the Western world," his government would "examine with all attention" its bilateral military treaty with the United States and "restudy with

new university law, which might offend the Catholic Church, and another bill banning high state officials from holding more than one government post.

Mr. González's cautious approach is dictated by an extremely difficult economic situation, including an unemployment rate of 16 percent. There is distrust of the Socialists among some powerful Spanish businessmen and by the conservative military establishment.

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# Hope Survives Confusion as Poles Await Move by Walesa

By Dan Fisher  
Los Angeles Times Service

WARSAW — More than two weeks after his release from internment, Lech Walesa remains a symbol of hope for millions in Poland. But as the day goes by, that sense of hope becomes more and more confused.

The Roman Catholic Church appears to be keeping a discreet distance from the man, who once led 10 million workers in the first independent trade union movement in a Soviet bloc country. The authorities treat him as an official nonperson: "The former head of the former Solidarity."

And Mr. Walesa, garrulous before his internment, has said little since his release Nov. 14. He has described himself as "a man on a greasy tightrope with a prison yard underneath."

In his silence, however, he faces losing credibility with the millions of Poles to whom he is still, as a former Solidarity activist put it, "a symbol of what might have been, of what might still be."

While fugitive Solidarity leaders announced last weekend that they would defer to Mr. Walesa on strategy, even they were not without reservation.

They pledged to cease their protests and other anti-government activities on Mr. Walesa's orders. But they recommended that such a step be put off until the release of all remaining political prisoners.

believed to number about 700 after an announcement Monday that 327 more would be freed.

According to sources close to the church hierarchy, the martial law government is trying to isolate Mr. Walesa politically by poisoning his relations with the church and intimidating his advisers.

The government campaign was said to include an unsuccessful attempt to pass potentially embarrassing material to Pope John Paul II. The material, which was said to involve tape recordings containing what was alleged to be Mr. Walesa's voice making disparaging remarks about the church, was rejected by Archbishop Luigi Poggi, the Vatican's principal emissary on Polish affairs, according to church sources.

The Polish secret police detained some of Mr. Walesa's advisers several days ago and warned them about their relationship with the union leader. Among those briefly detained was Andrzej Wielowieyski, a prominent Catholic lawyer and journalist who has been acting as a primary liaison between Mr. Walesa and the church authorities.

Mr. Wielowieyski confirmed the detention but refused to disclose details. He called it "a matter of very little importance."

Mystery surrounds Mr. Walesa's intentions and the circumstances of his release, and it appears that his options are limited. The odds against him soon resuming a major

role in the Polish political scene are considered long and lengthening.

The immediate reaction when we heard Walesa was released was joy, a spark of hope," a Warsaw factory worker said. "But later opinions were mixed. After emotions cooled down, people began to get suspicious that maybe the church and the government made a deal and that Walesa would be used as a tool to calm the situation."

Both the church and the regime deny any deal, and Mr. Walesa stressed on his release: "I have signed nothing, I have not resigned from anything, I have not declared anything and I have not compelled myself to anything. I was released, to my surprise, without obligations, as a really completely free man."

Now has the 39-year-old unionist done anything to suggest he is still, as a former Solidarity activist put it, "a symbol of what might have been, of what might still be."

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Sources close to the underground said that one reason the fugitive unionist took their stand was to head off any "separate peace" between Mr. Walesa and the regime, one that could make the underground a scapegoat. The statement serves to link Mr. Walesa with the underground for the future, even though he has carefully avoided public comment on opposition activities.

Some Polish and Western observers say they believe that the government well understood the pressures under which Mr. Walesa would fall upon his release and that they hoped the pressures would be great enough to destroy him as a unifying symbol of opposition.

Others argue that the Polish leaders believe that they may still need Mr. Walesa if they are to win enough cooperation from a fallen work force to pull Poland out of its economic morass.

Either way, there is little doubt that for the time being the authorities are going to great lengths to isolate him politically, especially from the church, which could be a potent ally of the union leader.

The tape recordings of his purported criticism of the church is a case in point. The tapes are said to contain a conversation between Mr. Walesa and his brother, Stanslaw, during a visit at Arłamow, the government hunting lodge where the union leader was interned.

A well-connected Polish source said that on the tape Mr. Walesa appeared to be "stupid, vulgar, cynical" in making remarks critical of the church and the pope. The government turned over the tapes, or portions of them, to the office of Archbishop Józef Glemp, the primate of Poland, according to usually well-informed lay Catholic sources, and also to Archbishop Poggi in Rome.

The tapes and the warnings issued to several of Mr. Walesa's advisers suggest that the regime is more concerned about Mr. Walesa than it acknowledges publicly.

According to a party source who overheard him, Deputy Premier Mieczysław F. Rakowski recently said privately that the biggest danger for the regime would be for Mr. Walesa to choose "the path of martyrdom," thus becoming an even more powerful symbol of resistance.

By contrast, Mr. Rakowski reportedly said that Mr. Walesa's potential as an ally was limited, reasoning that Poles were so skeptical of the regime that even Mr. Walesa's endorsement would win over only a limited number.

If Mr. Walesa knows what he intends to do, he seems to be keeping it to himself and his closest advisers.

A close friend said Mr. Walesa had been staying mostly around home, playing with his seven children and seeing a select group of

visitors. He refuses to speak on the telephone.

The one time each day when he insists on being left alone, the friend said, is during the main evening television news program, which he watches "religiously and without visible emotion."

Mr. Walesa frequently tells those around him that "everything will turn out all right," I have a concept," the friend said.

What that concept is, no one seems to know.

■ 4 Ex-Leaders Freed

The official Polish press agency PAP reported that the Polish authorities announced Tuesday that four former members of the national leadership who served under Edward Gierak had been temporarily released from internment.

A report by Reuters from Warsaw said the Polish press agency had reported that Piotr Jaroszewicz, a former prime minister, and Tadeusz Pyka, Tadeusz Wraszczuk and Jan Szydłak, all former deputy prime ministers, were interned when martial law was declared.

PAP said the Interior Ministry ordered that they be granted leave from internment so that they could testify in an investigation into their activities. The four, along with several other members of the Gierak administration, have been accused of corruption and abuse of power.

## WORLD BRIEFS

### Charges in British Spy Trial Outlined

LONDON (Reuters) — A British professor charged with spying for the Soviet Union supplied NATO documents of the highest secrecy to the Kremlin, the prosecution said Tuesday. The trial then went into closed session so the prosecution could outline the extent of the damage allegedly done.

Britain's attorney general, Sir Michael Havers, charged in the second day of trial that Hugh Hambleton, 60, photographed more than 80 top-secret documents for the Soviet Union while working for the North Atlantic Treaty Organization in Paris from 1956 to 1961. He said Mr. Hambleton had admitted receiving \$6,000 from Moscow.

Mr. Havers said the documents were classified "cosmic," the highest grade of secrecy, applied to information "so important that its disclosure would result in exceptionally grave damage." Mr. Hambleton has pleaded innocent.

### Children Visit Moscow Pentecostalists

MOSCOW (AP) — Pyotr and Augustina Vashchenko, the Pentecostalists who have found refuge in the U.S. Embassy since 1978, saw some of their children for the first time in nearly four and a half years Tuesday. But their reunion occurred through the steel grate covering the basement window of the embassy because of a disagreement over the visit.

Aram, 8, Sara, 12, and Lydia, 31, were three of 11 Vashchenko children who arrived in Moscow on Tuesday from their Siberian hometown, Chernogorsk. The other eight children remained five miles (eight kilometers) away in the Yaroslavl train station in northeast Moscow.

The 11 children and the wife of one of them had traveled four days by train for the reunion. U.S. Embassy officials had refused them permission to visit all at once, insisting that the visiting children be escorted into the embassy in pairs. The whole family has refused that condition, saying that none of the children would enter the embassy unless they all could go together. Therefore, the Vashchenkos spoke with their children through the metal screen.

### Italian Bishops Question Cruise Siting

ROME (Reuters) — Roman Catholic bishops stepped into a dispute Tuesday over the planned siting of nuclear missiles in Sicily by expressing solidarity with U.S. prelates who have questioned the morality of the policy of nuclear deterrence.

Two senior churchmen said in a statement that they feared the proposed siting of 112 U.S. cruise missiles at Comiso on the south coast of Sicily would be only the first step in the "atomic rearmament of Europe." The statement was signed by Bishop Dante Bernini, president of the Justice and Peace Commission of the Italian Bishops' Conference, and represented the views of the Italian prelates, church sources said.

The statement was also signed by Bishop Luigi Bettazzi, president of the International Catholic Movement for Peace, Pax Christi, which groups 60 bishops and hundreds of lay members worldwide.

### Mubarak Begins Visit to New Delhi

NEW DELHI (AP) — President Hosni Mubarak of Egypt arrived here Tuesday for talks with Indian leaders on the Middle East and the future of the nonaligned movement.

President Zail Singh and Prime Minister Indira Gandhi greeted Mr. Mubarak at Delhi's military airport and later were his hosts at a banquet in Rashtrapati Bhavan, the Indian presidential palace.

India has shown interest in the Egyptian-French plan for a solution to the Palestinian problem based on recognition of Israel by Arab countries and recognition of a Palestinian state by Israel. President François Mitterrand of France, who is completing a visit to India, said Monday, however, that there was no plan to make the proposal a tripartite one by including India as sponsor.

### West Bank Teachers Split on Pledge

JERUSALEM (WP) — Foreign teachers at the Arab universities in the occupied West Bank appeared divided Tuesday over whether to accept a revised work permit application form that includes a pledge that they will not assist the Palestine Liberation Organization.

Albert Aghazarian, the spokesman for Bir Zeit University, said the teachers had voted to reject the new form on the grounds that it is no different from an earlier anti-PLO pledge required to obtain work permits for the academic year.

The Israeli civil administration imposed the new regulation in September, requiring the foreign nationals to sign an explicit anti-PLO pledge before they received new work permits. Virtually all the teachers refused, contending the pledge infringed on academic freedom, and they were supported in their stand earlier this month by U.S. Secretary of State George P. Shultz.

### El Al Employees Clash With Police

TEL AVIV (UPI) — Hundreds of El Al workers clashed Tuesday with police after failing to win a court order to stop the Israeli government from liquidating the state-owned national airline. The Tel Aviv Labor Court declined to issue a permanent injunction against disbanding El Al, saying it had no jurisdiction in the case.

The workers employees blocked traffic by lying down in the street in front of the office of Nahman Perl, the El Al chairman. Ignoring an order to disperse, they hurled bottles and rocks, and shouted "Nazis!" at the helmeted policemen. Seventeen protesters were arrested.

El Al announced last week it was going into voluntary liquidation after negotiations with its 5,000 workers on a drastic reorganization program failed. The company has lost more than \$250 million in the last four years and has been struck since September.



Israel riot police removing a protesting El Al worker Tuesday.

### For the Record

MOSCOW (AP) — Prime Minister Nikolai Tikhonov and Turkey's foreign minister, Ilter Turkmen, reaffirmed Tuesday their commitment to improve bilateral relations, Tass reported.

NAIROBI (UPI) — Major Antony Macharia, 35, a Kenyan Air Force intelligence officer, has been sentenced to one year in prison for failing to report plans for the Aug. 1 coup attempt, the Daily Nation newspaper said Tuesday.

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## Fanfani Ready to Form Coalition But Parties Quarrel Over Cabinet

By Charles T. Powers  
Los Angeles Times Service

ROME — Prime Minister-designate Amintore Fanfani said Tuesday he was ready to form Italy's 43rd postwar government, but he was immediately embroiled in party infighting over cabinet posts.

After two weeks of political crisis, the Senate leader told President Sandro Pertini he would head a coalition of his own Christian Democrats, the Socialists, the Social Democrats and the Liberals.

But political sources said bitter wrangling in the Christian Democratic and Socialist parties prevented him from naming his ministers.

His success in forming a four-party coalition after two weeks of delicate negotiations restores the prime minister's job to the Christian Democrats after a 16-month interval.

It eliminated the need for early elections to break a political stalemate that shattered the five-party coalition of the outgoing Republicans since World War II, and the center-left Socialists in 1962.

But he went into political eclipse in the mid-1970s after campaigning fiercely against the legalization of divorce.

Mr. Spadolini, Italy's first non-Christian Democratic prime minister since the war, resigned Nov. 14 for the second time in three months. Feuding between Christian Democratic and Socialist ministers had paralyzed his government.

Mr. Spadolini's Republicans said Monday they would stay out of Mr. Fanfani's cabinet because they doubted its ability to solve Italy's economic problems, including a 17-percent rate of inflation and a projected 100-trillion lire (\$70-billion) state borrowing requirement next year.

They said tough austerity plans that the Republicans insist are essential had been watered down to persuade the Socialists, who are supported by the trade unions, to join the government.

Anti-inflation proposals drawn up by Mr. Fanfani call for a two-year truce in wage disputes. But he dropped plans to reform Italy's costly wage indexation system and shelved a proposed ceiling on pensions next year.

Political sources said Mr. Fanfani might be able to sort out his cabinet difficulties by Wednesday, clearing the way for President Pertini to swear in the government.

But the political difficulties of reconciling Socialist and center-right Christian Democratic policies are likely to plague Mr. Fanfani's administration, with early elections remaining a possibility, political sources said.

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# Widespread Decline in Minority Enrollment Reported by Colleges in the U.S.

By Edward B. Fiske  
New York Times Service

NEW YORK.—Many colleges and universities around the United States are reporting a substantial decrease in minority freshmen, especially blacks, among students who enrolled this fall.

Some educators attribute the drop to the recession and cuts in federal aid programs under the Reagan administration.

Others say it is a result of long-term problems: the growing cost of subsidizing needy students, recruiting difficulties and a less firm commitment to the affirmative action programs that, in the early 1970s, brought more minority students to the nation's campuses.

According to the Census Bureau, the proportion of nonwhite students in American colleges and universities increased substantially

from 1960 to 1977, from 6.4 percent to 13.8 percent of all students.

In the past five years, however, census figures and other statistics show that the trend has stabilized. From 1977-78 to 1981-82, the most recent figures available, overall minority enrollment has held steady at about 13 percent, and black enrollment at about 10 percent.

"Things moved incredibly fast over the last 15 years," said Elias Blake Jr., the president of Clark College in Atlanta, who is head of the National Advisory Committee on Black Higher Education and Black Colleges. "There were tremendous gains in a short period of time, and most people tended to assume that, once they got started, they would be continuous. But this didn't happen. The progress got stalled, and no one I know is talking about

continuing the climb. Most of our energy is going into trying to avoid regression."

The drop in minority enrollment this fall is sharpest among freshmen at Ivy League schools and other expensive private colleges. At Harvard University, for example, the number of first-year minority students dropped by 7 percent, from 463 students to 431. More than half of the black men who were offered admission, 43 of 83, did not accept.

Cornell University reported a 10-percent drop in minority enrollment in its freshman class. The number of blacks in the freshman class dropped to 156 from 195; the number of Hispanic Americans fell to 121 from 138, and there were four native Americans in the class, compared with 10 the previous fall.

The trend was apparent at a wide variety of

other institutions. At the University of Arkansas in Fayetteville, minority representation in the freshman class dropped by 10 percent, the first decline ever reported, while at the University of Arkansas at Pine Bluff, a predominantly black public university, there was a drop of 6 percent in total enrollment.

The United Negro College Fund found that overall enrollment at the 42 historically black colleges under its umbrella dropped 3.7 percent in the fall, with the number of freshmen down 12 percent. "Students seemed to be afraid that they would not get financial aid," said Alan Kirschner, director of research.

Earlier this year, the Commission on the Higher Education of Minorities, supported with a \$700,000 grant from the Ford Foundation, issued a report concluding that "the last two decades have witnessed dramatic increases

in minority representation at all levels of the educational pipeline and in virtually all fields."

It added, however, that minority representation has stabilized in the past five years and that "few gains have been made since the mid-1970s."

There have been some exceptions to the general pattern, mainly among undergraduate institutions that have increased recruiting efforts. At Barnard College in New York, for instance, minority enrollment in the freshman class rose to 26 percent this year from 17 percent in 1978.

Steve Syverson, director of admissions at Pomona College in California, said that the drop reflected a broader trend among disadvantaged students.

The decline is not limited to minority stu-

dents but is more a function of lower socioeconomic backgrounds," he said. "There is a widespread feeling: Why should I go on to a big liberal arts college, which will cost a lot of money, when I can do something that will make a lot of money right away?"

The National Institute of Independent Colleges and Universities recently released a study showing that from 1979-80 to 1981-82, private colleges and universities reported a 39-percent drop in students whose family incomes were \$6,000 to \$24,000.

Many officials also said that the cutbacks in federal grants and loans to college students that went into effect in October 1981 were a major factor, not so much because they eliminated substantial support for needy students but because students feared that they would do so.

## Reagan Backs Extension in 1984 Of U.S. Revenue-Sharing Program

By Howard Kurtz  
Washington Post Service

LOS ANGELES — President Ronald Reagan has all but assured urban leaders that he will support an extension of the popular revenue-sharing program, which returns U.S. funds to states and municipalities.

The president said Monday that he had supported revenue sharing over the last two years, "and while I haven't made any final budget decisions for fiscal 1984, I can promise you I will look at revenue sharing in the same light." The \$4.6-billion program is up for reauthorization next year.

League officials generally were pleased with Mr. Reagan's conciliatory tone, especially on revenue sharing. "I feel very encouraged by some of the things he said," said the league's president, Fred L. Harrison of Scotland Neck, North Carolina.

Mr. Reagan singled out Baltimore's "Blue Chip-In" program as an innovative approach in which private companies have donated money or jobs to hire the unemployed. But Baltimore officials said the contributions made up only 1,751 of the 12,000 summer jobs they lost to U.S. budget cuts. As for permanent jobs, the companies have raised only \$2.2 million of the \$63 million the city has lost in U.S. job funds.

In similar fashion, many of the officials here have been on a star-

vation diet for two years and are resigned to a prolonged period of austerity. Dayton, Ohio, is buying its own phone system. Fort Worth, Texas, has hired a company to pick up the trash. Minneapolis has gone to one-man police cars, and while firemen in Seattle still put out fires for free, they now charge to conduct building inspections.

One of the busiest exhibitions at the convention belongs to Wackenhorst Services Inc., which contracts with cities to provide firemen, ambulances, airport rescue teams and, for small towns, entire police departments. Savings are impressive because Wackenhorst does not have to pay union wages.

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## Reagan Won't Move To Speed Up Tax Cut

By David Hoffman  
Washington Post Service

WASHINGTON — President Ronald Reagan, following the advice of Republican congressional leaders, said Tuesday that he had ruled out a request to Congress to accelerate the third stage of his across-the-board tax cut.

Mr. Reagan said that although there continued to be what he termed "interest" in the idea of advancing the tax cut from July to January, "we're not going to make a push for that." He was flanked by the Senate majority leader, Howard H. Baker Jr., Republican of Tennessee, and the House minority leader, Robert H. Michel, Republican of Illinois.

Mr. Reagan said that his most important objective for the post-election session of Congress that began this week "is to protect the cuts that are already in place, the third year of the tax cut that begins this July" and "the indexing that follows in 1985."

A few weeks ago Mr. Reagan said that he found the idea of accelerating the tax cut "appealing" because it would stimulate the economy.

Questioned about why he had changed his mind since then, Mr. Reagan said there were several reasons, one of them being that the tax-cut acceleration would worsen the deficit.

He said that although the tax cut would produce some stimulation to the economy, the "first re-

sult" would be an addition to the federal deficit.

The president added that he had discussed with the two dozen congressional leaders who came to the White House what he termed the "difficulty" of winning approval of a tax-cut acceleration in the post-election session of Congress.

Mr. Reagan has already asked for action on 10 appropriations bills and other legislative items before the 97th Congress ends.

Senator Baker said Mr. Reagan would have little difficulty in preserving the third year of the tax cut. But White House officials have said that they expect Democrats to attempt to modify or eliminate the tax cut next year.

The majority leader said that Mr. Reagan had not made up his mind on the tax-cut acceleration before the meeting, which Senator Baker described as a "fairly energetic debate" on the issue.

The Tennessee Republican said that he had personally recommended against accelerating the tax cut.

He said that although the tax cut would produce some stimulation to the economy, the "first re-

sult" would be an addition to the federal deficit.

The Senate military appropriations subcommittee voted in late September to freeze U.S. troop strength in Europe at the 1980 level of 331,700 as compared to 355,600, which the administration is proposing.

Senate sources indicate that even if the House bill does not reach the Senate in time to allow action during the three-week post-election session, efforts are expected to be made to put some kind of peacetime maximum on the number of U.S. troops in Europe into the continuing resolution.

Mr. Eagleburger rejected arguments that such steps would jolt the Europeans into doing more for themselves.

"Proponents of this legislation may claim that our doing less would jolt our allies into doing more," he said. "I see no basis for such wishful thinking. U.S. cuts would have the opposite effect. If we do less, the Europeans will do less, and we will be less secure."

The defense of Europe has been reduced through legislation," Mr. Eagleburger said. "Never has the U.S. backed away from its NATO commitments. And never have the elected representatives of the American people voted not to stand by our allies and back up our defense commitments."

"Are we really ready now to take such a fateful step?" he asked. "Do we really want to greet the new Soviet leadership with a sharp deviation from the policies that

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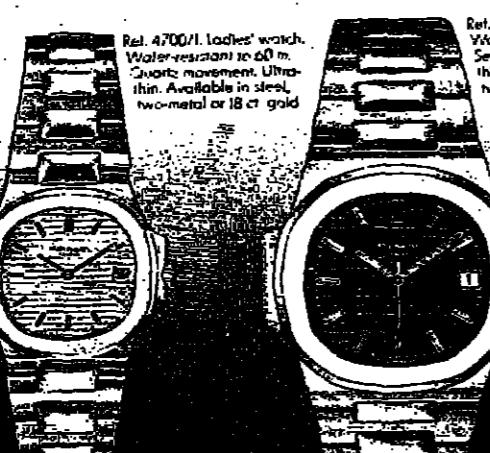
VIF Gourmet Journal (Hamburg) April 1982



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## Better Gripe Than War

The conference was "badly prepared, badly organized and should never have been held at this time." So said the chief of the European Community delegation to the 88-nation trade conference just concluded in Geneva.

He is entitled to his opinion on the first two points but is decidedly wrong on the third. The world now needs every sign of recognition that trade war can be dead.

America insisted on this meeting of signatories to the General Agreement on Tariffs and Trade. President Reagan wanted it as a way to stop the world slide toward protectionism. What he got instead was a long lecture on the foolishness of American policies and diplomacy, followed by a vague, written affirmation of free trade.

Still, the Geneva conference did not fail. By exposing the parties to bitter debate, it may have had a positive, sobering influence on leaders long accustomed to viewing trade issues from a position of chauvinist politics.

The Reagan administration, like other administrations dating back to Franklin Delano Roosevelt's, opposes barriers to world trade. But also like its predecessors this administration must contend with a Congress more concerned with a dozen domestic industries facing stiff foreign competition than with the less specific advantages of open trade.

President Reagan is in tactical retreat, conceding new protection to steel, auto, textile and sugar interests in hope of heading off worse. The Geneva conference was intended as a complementary tactic.

If the Europeans could be induced to tame their protectionist policies — particularly the subsidizing of agricultural exports — Con-

gress might reduce its pressure for retaliation. But the American agenda did not sit well with the Europeans, particularly the French. Washington, they said, has some nerve asking for trade concessions while Europe suffers from a deep recession exported by America. Besides, they argued, the United States is in no position to throw stones at agricultural protectionism. The meat, dairy and sugar industries in the United States are all insulated from foreign competition by quotas.

On the merits, the American arguments are more persuasive. The Europeans originally favored precisely the anti-inflationary policies that have triggered the recession. Now they can win votes at home by denouncing those policies. As for agricultural protectionism, Europe is the worse sinner. In a world without trade barriers, the United States would still be the world's largest exporter of food; densely populated Europe would probably become a net food importer.

But winning the technical argument is not the point. In times of stress, it is inevitable that politicians lunge for the dubious proposition that it is worth paying more for cars or corn to create jobs at home. Not many minds were changed by the oratory in Geneva. But hardly anyone, not even the observers sent from Congress, could have left thinking that such beggar-thy-neighbor policies would pass without retaliation. Any further move by America or Europe to restrict imports or steam markets is bound to be self-defeating. And since anything is preferable to retarding for trade war, what happened in Geneva was a welcome, if weak, blow for peace.

—THE NEW YORK TIMES.

## Off on a Latin Circuit

Five President Reagan, who left Tuesday for five days in Brazil, Colombia, Costa Rica and Honduras. When he stays away from Latin America he is accused of neglecting a vital region. When he does go he is accused of promoting his own policy. It dismays some critics, for instance, that he will make an appearance in Central America in support of friendly governments. It is regrettable that presidential visits to Latin America are so few and Latinas so sensitive to the symbolism of them that Mr. Reagan cannot simply head south and do business. But it is good that he is going all the same.

The "easy" part of the trip will be to salute the various national political evolutions that add up in the administration's eyes to the hemisphere's current "democratic momentum" — in the four countries the president is visiting and, much more crudely and partially, in El Salvador and Guatemala, whose presidents he will meet along the way. It is a ragged and incomplete trend, but one worthy of whatever impetus Mr. Reagan can add to it. The longtime democrats in Costa Rica aside, his Central American interlocutors represent conservative, heavily military governments that are being called upon to promote social change and to fight insurgents at the same time. All of Latin America will be lis-

tening closely to the way President Reagan addresses these two missions.

However, the long-term battle for Latin America will be fought on different and even more difficult terrain. In the 20 years since the Alliance for Progress, Latin America has recorded impressive economic growth — 6 percent a year in real terms. Secretary of State George Shultz recently observed. But to consolidate and sustain these gains, and pay the heavy debts whose servicing is a necessary condition of further loans, the region now needs immense infusions of capital. The political disputes — in Central America over the Falklands — may set the headlines. The continuing effort of Latin America and the Caribbean region to acquire capital by trade, credits and loans is unavoidably the hemisphere's abiding concern.

Defying some of its press notices, the Reagan administration has sought to be more attentive in word and, increasingly, in deed to these Latin priorities. Secretary Shultz's economic interest and his commitment to the anti-protectionist cause are especially relevant. Congress could help substantially at this moment by approving the tariff and investment incentives in the administration's Caribbean Basin Initiative.

—THE WASHINGTON POST.

## Other Opinion

### Timing in the Middle East

Israel says she is not in a hurry and that she can wait until Lebanon screams with pain, [but] the Soviets, under new leadership, may not sit back and watch America move freely in the region. They may interfere to spoil what is being cooked outside their kitchen in terms of regional peace settlements.

—An-Nahar (Beirut).

### Dramatic Reversal in Spain

[On Tuesday] Felipe González formally [took] on the office of prime minister, thereby becoming Europe's youngest head of government at the age of 40. It is a dramatic moment in the history of a dramatic country to see the Socialist Labor Party, the same PSOE, that was brought down and then banned by France in the civil war, return from the wilderness with a thumping majority conferred by a free people.

—The Guardian (London).

### After the GATT Conference

The danger in the outcome of these talks is that they may have brought trade warfare a little closer. Protectionism has been acknowledged as an unfortunate fact of life. The U.S. threat to batter Europe's Common Agricultural Policy by selling U.S. stockpiles is still there. U.S. congressmen who were threatening to become more protectionist unless the Geneva conference reinforced the rule of GATT law have been given very little reassurance. On the other hand another layer of illusion about the state of the world economy has been swept away. Just as the economic priorities of Western governments were altered by the Mexican debt crisis and by the atmosphere of fear at the IMF meeting in

Toronto, so Geneva has confirmed that world trade is a threatened source of recovery and that domestic economic policies must be altered accordingly.

—The Financial Times (London).

### Reagan South of the Border

[The United States and Brazil form] a privileged economic partnership that already brought the two countries closer during the GATT meeting and that the Reagan visit will certainly concretize.

—Jornal do Brasil (Rio de Janeiro).

President Reagan's visit to Latin America this week has been billed by the advance briefers as "a statement of support for a major trend toward democratic government." But the true trend below the border is toward bankruptcy. So the presidential voyage is at best cosmetic. While it may increase Ronald Reagan's standing at home, it does almost nothing to alleviate the financial squeeze that now afflicts most of the rest of the world, and especially Latin America.

The role of the United States, and particularly the Reagan administration, in deepening and lengthening global hard times looks large. Washington's fall-out assault on inflation forced down the prices of the commodities that the developing countries export. It spawned the recession which spread and diminished demand for goods everywhere. It fostered a rising tide of protectionist pressure. Until these trends are reversed, all Latin America is going to suffer.

An end to the world recession depends principally upon an economic turnaround in the United States. Ronald Reagan could do much more for the hemisphere by promoting rapid recovery back home than by making a grand tour below the border.

—Syndicated columnist Joseph Kraft.

### DEC. 1: FROM OUR PAGES 75 AND 50 YEARS AGO

#### 1907: Violence Disrupts the Duma

ST. PETERSBURG — Violent incidents marked the sitting of the Duma. M. Rodicheff, leader of the Cadets, read: "The Soviet Union, haunted since the revolution by fears of external attack, has made it a point of policy to conclude non-aggression pacts with its neighbors. After its success with the Baltic states, it turned its attention to Poland and Romania, and also to France, as the best means of winning the consent of its western and southwestern neighbors. Russian policy has met with success, which will be complete when Romania decides to follow the example of Poland and its powerful Western ally, France. As a result of the general anti-war pact signed this week in Paris, it is hoped that Franco-Soviet trade relations will enter a new era."

#### 1932: Soviets Gain Peace Pacts

PARIS — Today's editorial in the Herald reads: "The Soviet Union, haunted since the revolution by fears of external attack, has made it a point of policy to conclude non-aggression pacts with its neighbors. After its success with the Baltic states, it turned its attention to Poland and Romania, and also to France, as the best means of winning the consent of its western and southwestern neighbors. Russian policy has met with success, which will be complete when Romania decides to follow the example of Poland and its powerful Western ally, France. As a result of the general anti-war pact signed this week in Paris, it is hoped that Franco-Soviet trade relations will enter a new era."

It is not clear what the Duma's situation is. The Duma is a small minority located in the Jaffna peninsula. While the Tamils have some legitimate grievances, particularly on the language issue, this has

## High Time for a New Statesmanship

By Flora Lewis

PARIS — International trade has come to fit the comment on the weather attributed to Mark Twain: "Everybody talks about it but nobody does anything about it."

In their first ministerial-level meeting in nine years, the 83 members of GATT managed to haggle out an agreement early Monday morning promising to try to behave a bit better toward each other. The fact that avoiding a complete failure of the meeting with such a flimsy papering over of disputes was called a success shows how bad the situation has become.

It is important now to recall what GATT stands for: General Agreement on Tariffs and Trade. That is, it is not a treaty but only a set of rules adopted by consensus. They can be enforced only by threat of reprisals, although the very purpose of the organization is to prevent a chain reaction of protectionist reprisals that would bring the collapse of world trade.

The organization was established in the great building period after World War II when statesmen tried to create a new international system on the basis of the tragic lessons of the Depression and the war. The United Nations, the World Bank, the IMF and related refugee organizations were all parts of the structure devised to prevent a repetition of history.

There are some architectural faults, but on the whole it worked very well and produced a level of prosperity never known before. There are more poor people now than at the end of World War II because there are more than twice as many people. But there are also hundreds of millions who are better off than their grandparents dreamt of than all but the poorest would have been without the explosion of trade in the last two generations.

During most of that period trade disputes were considered minor matters scarcely noticed by top diplomats struggling with the "great issues" — precisely because GATT and the international system managed to cope. Each important GATT meeting focused on broadening the rules still further.

The tide has turned. All the officials involved know perfectly well that the painful old lessons still hold true and that, the officials, are

pushing the world on a primrose path to disaster. But under domestic political and economic pressure, they are all trying desperately to carve out an illusory sanctuary for their own countries.

Thus it was that while the bickering went on at the meeting in Geneva, the French minister of industry, Jean-Pierre Chevénement, spoke proudly on the radio of his plans to conduct "a counteroffensive in the economic war."

And the U.S. Information Agency quoted an anonymous American "senior official" who said

entry of Spain and Portugal to be swift and sharp. Given French determination to protect its warm-weather agriculture, other governments suspect that Paris is really maneuvering to block the Iberian states for the indefinite future.

Thus have once-rosy prospects for more and more growth in trade shriveled to mean defense of a patch of turf in what used to be thought of as the open "free world."

Everybody still gives lip service to the need to combat protectionism, but at the same time everybody is holding out for what each country considers its special case and special need. The monumental world debt makes shrinking trade and shrinking markets all the more devastating with the threat of financial failures, precisely when everybody is more mutually dependent.

There are still a few people with an eye to the future. The United States, more than ever, serves the world economy, sought to expand GATT's liberalizing rules to services and technology. Technology has made it possible for engineers in Pakistan to draw computerized blueprints for a Houston construction company and deliver them more quickly and cheaply than engineers in Houston. It has also made it possible for a computer in Columbus, Ohio, to run Swedish fire departments more efficiently.

GATT promised to "study" the issue of services until 1984. Meanwhile, the world is on two tracks, one inevitably linking the earning capacity of people separated by vast distances, the other piling up barriers to cut them off. The strains are becoming enormous.

There are no heroes in this free-for-all. The United States and the Europeans and the Japanese all have valid reasons for the mud they sling at each other. They are all impeding trade and seeking unfair advantage.

But there will be a lot of victims if the trade war continues. There comes a time when international trade is not just business, it's politics, and a time when politics becomes security. To prevent that, the public needs to see the general interest above all special interests and say no to economic war as firmly as to military war.

The New York Times

Washington was considering a "war chest" to subsidize exports and dump excess dairy products on the world market so as to give other countries "a taste of their own medicine."

France has notified its partners in the European Community that it wants negotiations for the

## Americas: The Millennial Hopes Are Still There

By Henry Raymond

WASHINGTON — Last month brought the 400th anniversary of the discovery of the Americas. Latin Americans call October 12 "Dia de la Raza" and celebrate it as an affirmation of their Iberian heritage, much the way Anglophilic groups in North America regularly pay homage to Britain's legacy in terms of racial stock, political and juridical concepts and general culture.

To value the European connection as a symbol of Western cohesion and pride in the past is one thing, but to suggest that the American republics have more in common with old world cultures than each other is a very different one and entails a false view of the environment Americans have built and to which they belong; it risks subordinating historical perspective to cherished nostalgia.

If there was one common denominator more powerful than any other that united the Americas through almost half a millennium, it was the recognition that the Western Hemisphere was not Europe but was something new in history. That was as much an article of faith for the U.S. founding fathers as for the independence fighters of Latin America.

Thomas Jefferson maintained that the hemisphere "must have its separate

system of interests, which must not be subordinated to those of Europe." Henry Clay, an admirer of the Latin American patriots, exulted that the United States was Latin America's "great example." Argentinean Domingo Faustino Sarmiento wrote: "Let us be the United States."

Such views have been tenaciously held. The theme of unity has been a recurrent one in the history of the Americas, but it never inspired a mass following. Simón Bolívar, Clay and Sarmiento admitted that they were voices crying in the wilderness of 19th-century nationalism.

Yet the assumptions of the founders provide the criteria against which the political life of the present might be measured. They would, for example, indicate how far we have strayed from a unifying new world vision based on clear understanding of the ideals that separated republican America from monarchical Europe.

For was not post-Columbian America settled by people seeking new frontiers and status in a hemisphere free of the oppressiveness of the old order? Did not both Americans subordinating historical perspectives to cherished nostalgia.

Traditional new world ideals have

become their opposites. The reason for this historical flip-flop is not difficult: to discern: The geographic mists dispelled by Columbus's transoceanic voyage have been replaced by the impenetrable mists of prejudice, misunderstanding and ignorance, anachronistically transplanted from the old world to the new.

Many of the conclusions, principles and policies of the United States concerning the other American republics are still colored by Britain's Hispano-Americanistic black legend, with its caricature of the Spanish empire as "wicked, cruel, wanton, bigoted and foolish."

Yet the belief in common origins, values and destiny, assumed to be axiomatic as recently as World War II, is no longer a popular notion. To hear some North Americans talk, you would think they are living as an island of Puritan virtue in a hemispheric sea of perversity. Latin critics, thundering away like an Inquisition at the Reformation, accuse the United States of materialism, godlessness and imperial pretensions.

The hemisphere seems to have slipped into what might be called a pre-Columbian universe, with each half yielding to the gravitational power exerted by Europe-oriented policy-makers and scholars.

Traditional new world ideals have

might some day seek to radically alter or abrogate this accord. Several hundred thousand Brazilian settlers have spilled across the border and constitute a sizable majority of the population in eastern Paraguay, far from the coast.

Knowing that Paraguay was too small to consume more than a tiny fraction of the electricity, Brazil insisted that the United Paraguayan state be sold only to Brazil and at the low rate set in a 1973 treaty before world energy prices soared.

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## D'Aubuisson Foes Said To Gain Upper Hand In a Power Struggle

By Christopher Dickey  
*Washington Post Service*

**SAN SALVADOR** — Army general and civilian politicians backed by the United States appear to be gaining the upper hand in what has become a bitter power struggle against Roberto d'Aubuisson, the right-wing extremist whose forces gained substantial control over the Salvadoran government in U.S.-sponsored elections last March.

The internal political battle has become so intense that, in the view of some diplomats and officials here, it has temporarily overshadowed American and Salvadoran military efforts to wage the three-year-old civil war against Marxist insurgents.

The United States, according to officials here and in Washington, believes that Mr. d'Aubuisson's extremism makes him an unreliable ally and that his unswerving opposition to economic reforms and his alleged association with rightist death squads may undercut already tenuous congressional approval for U.S. aid to El Salvador.

Mr. d'Aubuisson's principal opponents are Defense Minister José Guillermo García and the country's provisional president, Alvaro Magaña.

The U.S. Embassy, which controls \$200 million in economic aid and \$81 million in military support this year, has been crucial in turning the power balance against Mr. d'Aubuisson by supporting General García and Mr. Magaña.

In recent weeks, the conservative coalition that backed his bid for power in March has fragmented and is disintegrating.

General García has been able not only to block maneuvers for his removal, but also to dislodge Colonel Nicolas Carranza, a key ally of Mr. d'Aubuisson, from the intelligence-gathering job of heading the nation's communications network.

Moreover, Mr. d'Aubuisson's cabinet appointees are under mounting attack and some of his closest friends are vehemently denounced as murderers by U.S. officials.

The increasingly open intervention of U.S. Ambassador Deane R. Hinton — who recently declared that the abuses committed by the extreme right must be curbed — are seen here as strengthening Mr. Magaña and General García.

General García, although still considered a hard-line on the question of human rights and other reforms, now argues that U.S. aid is necessary to defeat the guerrillas, who are backed by Cuba and Nicaragua.



CAUGHT IN THE MIDDLE — A Nicaraguan refugee holds his infant son at a makeshift camp along the Nicaraguan-Honduran border after fleeing renewed fighting in his homeland.

## Reagan Trip Unhelpful, Managua Says

By Marlise Simons  
*New York Times Service*

**MANAGUA** — The Nicaraguan government fears that President Ronald Reagan's visit to Central America this week will lead to the intensification of the diplomatic and covert military offensive it says is already under way against Nicaragua.

In an interview, Sergio Ramírez Mercado, a member of the leftist Junta of National Reconstruction, said President Reagan's stopover in Honduras on Saturday would further encourage Honduran involvement with "counterrevolutionary" exile groups that launch attacks across the Nicaraguan border.

"We are not on the imperialist itinerary to demonstrate that we are the controversial country that must be isolated," the junta member said.

[President Reagan left Tuesday on the six-day trip to Central and Latin America. The Associated Press reported from Washington.]

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"But nothing has been said or done for well over six months to move either side off dead center," a diplomat said.

The Reagan administration asserts that Nicaragua has caused regional problems with its military buildup, by accepting Cuban and East European military advisers and by supporting leftist guerrillas in El Salvador.

Mr. Ramírez said the participa-

tion of Guatemala was also an ominous sign that that country, "which has until now kept at a distance," was being enlisted in the "diplomatic offensive" against Nicaragua.

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To seek support for this posi-

dramatically, and the war has already begun.

There were incidents once or twice a week this summer. Now incidents, including incursions, ambushes or attacks on civilians, happen virtually every day.

At least 300 Nicaraguans, including teachers, engineers and members of the militia and the army, have been killed this year.

The army says it has killed more than 600 rebels in the same period.

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## PLO-Jordan Panel Seeks Peace Talk Formula

By Loren Jenkins  
*Washington Post Service*

**AMMAN, Jordan** — Yasser Arafat, chairman of the Palestine Liberation Organization, ended a three-day visit here Tuesday after helping to create a joint PLO-Jordanian commission to work on a compromise formula for peace negotiations. King Hussein is to take the formula to President Ronald Reagan next month when he visits Washington.

The 14-member commission is hoping to bridge the gap between Mr. Reagan's peace plan, which the PLO finds inadequate, and the Arabs' own peace initiative, which was formed at the recent summit meeting in Fez, Morocco, and which goes further toward PLO objectives than Washington has so far been willing to go.

The commission is to try to find a way to open negotiations with Israel for the return of the West Bank and Gaza Strip without the PLO's having to renounce its de-

mands for an independent Palestinian state or its insistence that it is the sole legitimate representative of the Palestinian people.

The Reagan plan, resoundingly criticized by the PLO's central council at a meeting in Damascus last week because of its failure to satisfy the PLO's basic demands, excludes any role for the PLO in negotiations for the West Bank and Gaza Strip. Moreover, it specifically precludes the establishment of an independent state, preferring instead a West Bank and Gaza entity associated with Jordan.

While it was not clear how the PLO and Jordan hoped to moderate the U.S. stand against an independent Palestinian state, PLO and U.S. sources here indicated that the immediate focus of the commission would be on formulating counterproposals that an Arab delegation could present at any future negotiations in which the PLO would not be forced to delegate

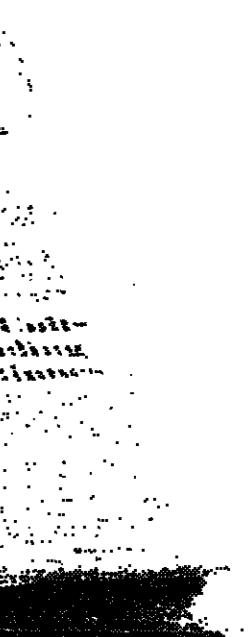
what it considers to be its authority to represent the Palestinian people.

President Reagan, in announcing his peace plan Sept. 1, insisted that King Hussein alone be the negotiating partner in any such peace talks. The king has said he could not assume such a role unless it was approved beforehand by the PLO. The PLO has been considered the sole legitimate representative of the Palestinian people by the Arab summit in Rabat.

The preferred formula for an Arab negotiating team, according to one of the PLO commission members here, was a joint Jordanian-Arab delegation in which its Palestinian members, possibly men not immediately identifiable directly with the PLO, would be authorized to negotiate for the PLO or be named outright as negotiators by the PLO.

If such a joint Jordanian-Palestinian delegation was not accept-

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## UN Probe of Chemical War In Indochina Causes Dispute

By William Branigin  
*Washington Post Service*

BANGKOK — A UN team investigating alleged use of chemical weapons in Southeast Asia has become embroiled in controversy over its refusal to enter Cambodia to collect evidence, but both Thailand's authorities and Cambodia's Khmer Rouge guerrillas say they want the team to return.

A U.S. official at the United Nations in New York has sharply criticized the team's refusal to enter Cambodia and said Washington would allow the investigation to lapse because the panel had proved incapable of reaching conclusions.

However, Western and Thai officials involved in investigations here said the UN team had performed much better this year than when it visited Thailand a year ago to look into U.S. charges that Vietnamese forces and their allies have used illegal chemical weapons against resistance groups in Cambodia and Laos.

On Monday the State Depart-

ment said it had fresh conclusive evidence that the Soviet Union was using poisonous chemicals and toxins in Afghanistan and supervising their use in Cambodia and Laos. The report said trichothecene mycotoxins have been used by Soviet forces in Afghanistan since at least 1980.

The Western and Thai officials said they still did not expect the UN team to issue any conclusive findings about use of chemical weapons. But they said the panel's report, now being drafted, would allow the investigation to lapse because the panel had proved incapable of reaching conclusions.

"This time was a complete turnaround from last time," said a Thai official who accompanied the UN team during its visit from Oct. 25 to Nov. 10.

"I'd be very surprised if they say anything conclusive," said a U.S. investigator. "But the indications are that it [the report] will be a hell of an improvement over last year's."

After a 10-day visit in November 1981, Western and Thai officials and medical personnel who

met with the UN group said it came poorly prepared, did not spend enough time in the country and conducted an inadequate investigation. In addition, they said the team set standards of proof that were impossible to achieve.

The group said it needed "immediate access to the area of the alleged chemical attack," but it has been denied entry by the governments of Laos and Afghanistan and it refused to enter areas of Cambodia controlled by the UN-recognized Khmer Rouge government.

The question of whether the seven-member team was willing to go into Cambodia this time has stirred "considerable controversy here. In a communiqué Nov. 13, the Khmer Rouge charged that the team's Egyptian leader, Major General Esamat Ezz, favored accepting a Khmer Rouge invitation to visit its zones in western Cambodia but that two other members, a Bulgarian and a Swede, blocked the visit on grounds there was no UN authorization yet.

The panel's version is that it replied to a Khmer Rouge invitation by accepting in principle and requesting certain assurances regarding "security, itinerary and logistics." But it said the Khmer Rouge never replied. So the team went as far as the Thai border crossing point of Nong Prit, but refused to go over a bridge into Cambodian territory.

Despite its criticism, the Khmer Rouge said it "continues to maintain the invitation" to the UN group and hopes it will visit Cambodian territory.

The head of Thailand's National Security Council, Squadron Leader Prasong Soonsiri, also said that if the UN panel reaches no conclusion in its forthcoming report, it should return to conduct further investigations.

### ■ Tass Denies U.S. Charges

Tass denounced Tuesday as a "brazen lie" the new U.S. charges against the Soviet Union about poison chemicals and toxins. The Associated Press reported.

It said the United States was spreading "another false anti-Soviet report in a bid to justify its dangerous policy of preparations for chemical and bacteriological warfare."

They say Vietnam has in recent months rotated fresh troops into well-stocked positions close to guerrilla strongholds along Cambodia's border with Thailand.

"In previous years, the Vietnamese withdrew from the border during the April-to-November rainy season, when the monsoons favor guerrilla warfare," one source said. "This year the Vietnamese dug in at the frontier throughout the rains. They are much better poised to cause trouble to the guerrillas than they have been in the past."

Western diplomatic sources say

that the 20 to 23 Vietnamese divisions in Cambodia in 1980 — each with 7,000 to 10,000 men — are down to between 14 and 17 this year, but that this does not necessarily mean Vietnamese strength has been depleted.

The reduction could mean that internal security has improved in Cambodia, and that the troops have organized local citizens to be their carriers and movers, thereby freeing the soldiers for fighting, one source said.

Nguyen Co Thach, Vietnam's foreign minister, stressed in Bangkok in November, when the monsoons favor guerrilla warfare, that Hanoi had no "hot pursuit" policy that would cause fighting between guerrillas and Vietnamese troops to spread into Thailand.

Hanoi reacted angrily this week to Chinese predictions of a Vietnamese offensive in the coming dry months.



These photographs, released by the State Department, are said to show the result of a gas attack on a 15-year-old Laotian boy. The youth was said to have recovered after medical treatment.



## UN Approves New Plea for Soviet Pullout

Motion on Afghanistan Loses 2 Earlier Backers

By Bernard D. Nossiter  
*New York Times Service*

UNITED NATIONS, New York — The General Assembly, by a vote of 114-21, has renewed its demand that Soviet troops withdraw from Afghanistan.

Despite the large majority, the outcome Monday was a mild disappointment to Pakistan and other prime movers of the resolution because the number of nations in favor fell two below that recorded last year.

The Pakistanis had sought to increase the number to heighten the "moral pressure" for "an early political settlement," in the words of Sabahzada Yaqub Khan, Pakistan's foreign minister.

Even so, the Soviet Union could take little comfort from the result. The number of countries voting with Moscow also fell by two, perhaps reflecting the long Thanksgiving holiday weekend and the absence of some small delegations.

Most painful of all from Moscow's standpoint, 63 nations from those grouped as nonaligned voted with the majority and only 12 with the Soviet Union.

This was the fourth time in three years that the Assembly had called for "immediate withdrawal of foreign forces from Afghanistan" and insisted on the right of Afghans "to determine their own form of government."

Oleg A. Troyanovsky, the Soviet delegate, dismissed the Assembly effort as an "artificial lie and cry" and a diversion from "really burning issues." But UN officials and Asian diplomats say they still believe they see signs that Moscow wants to find a graceful way out.

An undersecretary-general, Diego Cordovez, has been mediating between Pakistan and the Soviet-backed government in Afghanistan, seeking a political formula to end the conflict and enable the Soviet forces to leave. Mr. Troyanovsky had approving words for these talks.

"We are pleased to note the preliminary outcome has, on the whole, been commanded by the parties directly concerned," he said.

## U.S. May Lesser Role In Rural Communities

By John Herbers  
*New York Times Service*

WASHINGTON — The Reagan administration is preparing to prescribe formally for small towns and rural communities much of what it did for cities last summer: less federal money, more state and private authority and encouraged investment in depressed areas through its "enterprise zones" program.

In so doing, the administration will be addressing a constituency that includes many prosperous middle-class whites who support President Ronald Reagan more than the poor and members of minorities who are affected by urban policy, groups that historically have voted for Democrats.

Growth on the fringes of metropolitan areas and in outlying rural counties has given rise to new lobbying in Washington such as the National Association of Towns and Townships and the 155-member Rural Congressional Caucus.

These groups accept to a degree the president's goal of reducing the size and scope of the federal government, but they say their programs have been cut more deeply than those for cities and states.

To comply with their demands for equal treatment, officials say, the administration would have to authorize more spending, which seems unlikely, or further cuts in urban aid. The latter approach would again arouse the urban lobby, which reacted with fury in July when the administration released a report that mayors of big cities interpreted as virtual abandonment of the long-standing federal commitment to cities.

As a result, drafting the policy for rural areas is a delicate matter. The document, which must be submitted to Congress by Jan. 31, is being prepared under unusual security precautions to prevent premature disclosure. Both the urban and rural policies are required under a 1980 law.

"As far as we know," said Bart Russell, executive director of the National Association of Towns and Townships, "the new strategy will not go much further than what the administration has already laid out. We are pretty sure that it will have a proposal on enterprise zones."

Mr. Reagan's plan for urban areas offers companies special tax credits and other breaks to encourage them to move to depressed communities and create jobs.

In addition to the prospering areas where there is new growth, areas that need roads, bridges, water and sewer mains and treatment plants, schools, hospitals and other facilities, the policy must deal with more than 400 counties that are losing population.

Willard Phillips Jr., director of the Rural Development Policy Office in the Department of Agriculture, said the plan was being drafted after consultations with the interest groups involved.

He declined to characterize the report, but other sources in the department said it was expected to call for a continued diminishing of the federal role and more involvement by states and local governments and the private sector. They said it would also call for extending the enterprise zones to rural areas. Federal money supported much of the 1970s growth, but the programs were administered by so many agencies that no one could measure their impact or efficiency.

The 1980 Rural Policy Development Act, which called for coordination of the programs and a policy statement from each administration, was designed to correct that.

The Carter administration, in its final weeks, ordered an ambitious \$8-million study to develop an inventory of the needs of rural counties. The Reagan administration scaled it down drastically, however. It cut deeply into rural development programs, some of which had been abused in the past, according to the General Accounting Office.

Congress has not approved financing for the programs in this fiscal year. If the administration has its way, \$300 million will be provided for water and sewer loans and grants, a 60-percent reduction from 1981, and \$130 million for community facilities loans, a 50-percent reduction.

The Economic Development Administration, which has spent billions in rural areas, would be eliminated. The Farmers Home Administration would have its housing assistance cut to \$1.9 billion from \$3.9 billion.

## Himalayan Villagers Fight for Their Trees

By Tyler Marshall  
*Los Angeles Times Service*

NEW DELHI — The confrontation at Gopeshwar settlement seemed depressingly familiar to the villagers in India's Himalayan foothills.

Loggers armed with axes and chain saws and a questionable government permit were preparing to cut down still more trees in the ash forest on which the villagers rely in so many ways.

Frightened but angry, too, the villagers rushed into the forest and threw their arms around the trees that had been marked for the loggers' blades.

It worked, and the villagers not only saved their trees but touched off one of the most successful grass-roots environmental movements in the world, attracting international attention to the indiscriminate timbering that threatens the ecosystem of the lower Himalayas.

The movement is called Chipko, which is a Hindi word meaning "to hug," and its rallying cry is, "Hug a tree, save a forest." It has no office and little organization, yet it flourishes, and its message has been heard in distant places.

"It has brought awareness of India's deforestation problem to a new level," according to Narain Bachkheti, inspector general of forests.

Aside from the movement's publicity-shy principal organizer, Chandi Prasad Bhatt, Chipko's best-known leaders are women, something highly unusual in a society that generally restricts women to family affairs.

In 1974, Caura Devi organized a phalanx of village women to prevent lumberjacks from entering a forest at Reni, after the village men had been decoyed away to another town. Miss Devi told the logging foreman that he would have to kill her to get at the trees. The loggers retreated.

More recently, the men of another village felt the wrath of their women after word leaked out that they had sold nearby forest land to a commercial potato planter for cash and the promise of a school and a dispensary. By preventing the loggers from moving into the forest, the women got the sale rescinded.

Embarrassed village elders worried about the humiliation, but the women rejoiced. Their daily walk for firewood already three miles each way, would not be extended.

Such Chipko protests have led the government to ban logging above 3,800 feet (1,150 meters) in the district where the movement is strongest.

Chipko organizers spread their message through environmental conservation camps, tramping to villages that often require days of climbing to reach.

There is little actual tree-hugging anymore. The Chipko effort now concentrates largely on regenerating land left barren by decades of indiscriminate logging.

The amended bill would give the British people of the Falklands the right to enter and work in Britain

without restriction. A similar proposal last year, opposed by the government, failed in the House of Lords by one vote. Citizens of Gibraltar would be granted the same rights under the act, but Hong Kong is excluded.

"What they are doing is rare," said Anil Agarwal, director of the Center for Science and Environment, a New Delhi research organization with UN backing. "It is a people's movement and the results show the involvement."

In the past three decades India has lost 17,000 square miles (44,200 square kilometers) of forest, according to official figures. Unofficial estimates run up to 10 times that.

"I couldn't conceive of the Himalayas without trees, but we drove for hour after hour without seeing a single one," Kamla Chowdhury, a former Ford Foundation consultant and environmental activist, said after a trip into the foothills last year.

In a nation where firewood is still the preferred domestic cooking fuel, even in many urban areas, the precipitous decline of forested acreage and the increasing population have raised concern among development officials about a possible "firewood famine."

A UN Food and Agriculture Organization report predicted recently that in the year 2000 India would be self-sufficient in firewood but would lack the firewood to cook it.

The Indian government in recent years has enacted legislation to protect its remaining woodlands and has embarked on an accelerated reforestation program.

## U.K. Government Backs Citizenship For Falklanders

*The Associated Press*

LONDON — The British government has pledged its support for a move to give full British citizenship to all Falkland Islanders.

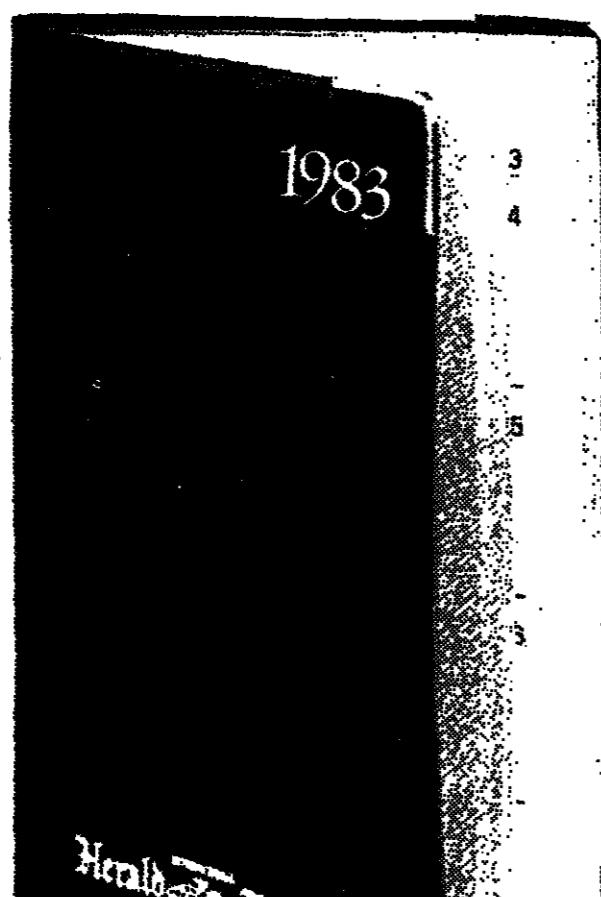
Lord Elton, a junior minister in the Home Office, said in the House of Lords that the government would not oppose a bill to extend British citizenship to the 1,800 residents of the islands.

But he warned that the special case of the Falklands must not lead to similar concessions for other dependent territories. Sponsored by Baroness Vickers, the bill would amend the Nationality Act due to take effect Jan. 1.

Under the original act, designed to reduce immigration into Britain, about 400 of the islanders would have lost their British citizenship because their grandparents, although British, were not born in Britain.

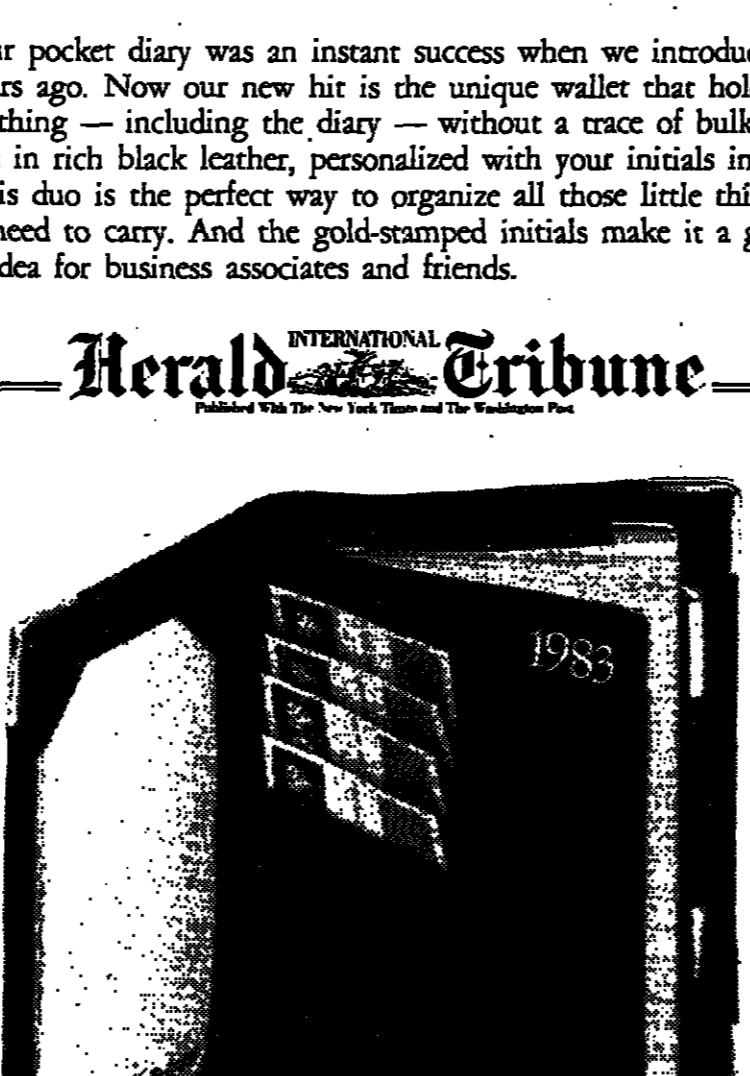
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## INSIGHTS

## As Departure Rumors Swirl Again, Stockman Is Busy at Calculator

By Steven R. Weisman

Washington — A few weeks ago, David A. Stockman, celebrated his 36th birthday with a staff party. It was Nov. 10 — conveniently, the first anniversary of the appearance of "The Education of David Stockman" in *The Atlantic Monthly*. To celebrate, one of Mr. Stockman's aides wrote and read this poem and called it "Ode to the Washington Rumor Mill":

By Christmas, he'll sure disappear.  
Well then, after the budget  
it's clear!

By July, it's big bucks

In New York, but aw shucks,  
That damn David Stockman's  
still here!

Mr. Stockman's staff at the Office of Management and Budget is fiercely loyal and protective and has long laughed off the rumors of his imminent departure that have been part of Washington life since *The Atlantic Monthly* article sent the budget director, with his head hung low, into President Ronald Reagan's "woodshed."

Perhaps because of such support, but more likely because of his mastery of the federal bureaucracy, Mr. Stockman has survived in Washington. And for the third year in a row he is at center stage, happily crunching budget numbers and helping define the spending and tax policies of the government. But this time things are different.

Two years ago, when taking over at the budget office, Mr. Stockman was the bachelorette of President-elect Reagan's economic team, the only top functionary who could translate Mr. Reagan's campaign slogans into government policies to reduce the size of government.

Today, the budget director — already damaged by his highly indignant remarks in *The Atlantic Monthly* that he had, in effect, lost faith in the administration's economic policies — is plagued by enemies inside and outside the administration and a new round of gossip that will be asked to resign, perhaps soon. His problems are compounded by the fact that the administration faces a record deficit next year approaching \$200 billion, and a platter of nothing but distasteful alternatives to reduce

**"Baggage Becomes Expendable"**

Senior administration officials acknowledge that they can foresee a possible "scenario" in which Mr. Stockman would leave early next year if Mr. Reagan's 1984 budget, to be submitted in January, is rejected and rewritten in Congress. Others suggest he might resign as the year progresses and the 1984 election campaign approaches. "There comes a time when baggage becomes expendable," a Reagan aide said.

But for the time being, senior White House officials said in interviews that Mr. Stockman's tenure seemed secure. And they agreed that he has become a more subdued, chastened and perhaps even humbled practitioner of the fiscal arts. He still puts in long days, but Mr. Stockman has found time to make plans to marry in February. His fiancee is Jennifer Blei,



David A. Stockman

a sales executive for the IBM Corporation. Certainly, Mr. Stockman has also done his utmost to stay out of the public eye; he declined to be interviewed for this article.

"It is still hard to see David Stockman's job being performed by anybody else," said a member of Mr. Reagan's inner circle. "But there is no question that Dave is more of a team player than he was a year ago. He is starting to understand some of his limitations in dealing with Congress, for instance."

But while Mr. Stockman and the OMB seem synonymous to many, the budget director has clearly lost much of his touch. "There are very few members of the White House or the cabinet who continue to hold him in awe," said a Reagan aide. "Last year, Dave was more of an advocate in the budget process. This year, he's more of a presenter of options."

"Put it this way: If you're at a luncheon meeting and he says the sun's out, everybody checks."

Such skepticism about his pronouncements no doubt troubles Mr. Stockman, for whom the importance of being accurate extends far beyond the OMB and Congressional hearings. At a party a year ago, at which Stockman gathered with a group of friends caught up in celebrating the president's Congressional victories, someone suggested playing the game "Pin the Tail on the Donkey."

One by one, those at the party put on blindfolds to make his or her try. When it came to Mr. Stockman, he marched to the donkey and scored a direct hit with the donkey's tail. It seems the budget director had memorized the chart while nobody was looking and simply measured his target out with his fingers. A roar of protest and laughter ensued.

**Comments Infuriated Reagan**

Stories like these make Mr. Stockman one of the more talked-about members of the Reagan administration. He is a man, after all, who came within a hair of being dismissed by a furious president because of *The Atlantic Monthly* article. He did in fact offer his resignation. Most of the president's aides, including Edwin Meese 3d and Michael K. Deaver, felt he should have been let go.

To his associates, Mr. Stockman is still the same workaholic as before. He lives in almost reclusive fashion in a large, modern apartment building on Cathedral Avenue in northwest Washington and is at his desk in the Executive Office Building every day before dawn.

In late August, he took his first vacation in years, on an undisclosed island in the Caribbean, where he managed to play tennis and pore through some recent political books such as Kevin Phillips' "Post-Conservative America." Friends swear that he does, indeed, plan to have a honeymoon in February.

But right now Mr. Stockman, with budget in hand, is getting ready to do battle on Capitol Hill, where his relations have always been the key to his success — and to his problems. Such quotations in *The Atlantic Monthly* as "None of us really understands what's going on with all these numbers" were seen as causing nearly permanent damage to the administration's credibility among some members of Congress.

**Marty Battles With Lawmakers**

But Mr. Stockman's battle scars come less from his publicized "confession" than from his role in bitter fights with the lawmakers. Take these items, for example:

• At the urging of Mr. Stockman, Mr. Reagan forced a showdown with Congress in November 1981 over a \$3-billion dispute on a budget resolution. Even the president's Republican allies appealed to Mr. Reagan to sign the resolution. But the president vetoed it, shutting down government operations for a day. The congressmen blamed Mr. Stockman for muddying the nature of the problem to Mr. Reagan.

• In September, another veto battle occurred, this one over a supplemental appropriations bill that Mr. Reagan had called a "budget buster." In fact, Senator Mark O. Hatfield, the Oregon Republican who is chairman of the Appropriations Committee, pointed out, the measure exceeded Mr. Reagan's domestic spending cuts by \$1 billion but made up for

that by cutting \$2 billion in military spending. Mr. Reagan lost that battle, and congressmen after congressmen blamed Mr. Stockman for bringing about the fight.

• Now Mr. Stockman is engaged in yet another battle with the Senate Appropriations Committee, this time over new veto threats from the budget director. Mr. Stockman says Congress is exceeding some appropriations

chief of staff, by persuading top presidential aides — and eventually the president himself — that the administration had to embrace immediate cuts in Social Security benefits.

**Political Fiasco Seen**

Rejection of those cuts in Congress are seen in retrospect as one of the administration's biggest political fiascos. To this day, several top officials expressed frustration in interviews that Mr. Stockman was still trying to use the Social Security financing crisis as an excuse to achieve savings for the budget in general.

After Mr. Reagan's economic program was enacted in mid-1981, it was Mr. Stockman who led an internal battle to take additional steps to reduce the federal deficit.

First, he tried to persuade the president to cut back on the projected growth in military spending. Last winter, he tried to persuade the president to accept a series of excise tax increases. He won support among top members of the White House staff, but his proposals were rejected by Mr. Reagan, and Mr. Stockman's credibility suffered as a result.

Recently, Mr. Stockman was on the other side of a tax battle. In that fight, Transportation Secretary Drew Lewis proposed and won a 5-cent-a-gallon gasoline tax to help finance improvements in the nation's highways, bridges and transit systems.

The budget director opposed it, even though he had embraced a gasoline tax the year before, leaving other administration members bitter.

But Mr. Stockman's main problems come from the natural conflict that he is in.

**Between Two Camps**

On the one hand are the men around Mr. Reagan who regard themselves as budget "realists." Led by Mr. Baker, the White House chief of staff, this camp is said to include Kenneth M. Duberstein, the White House congressional liaison, and Richard G. Darman, deputy to the chief of staff and a specialist in policy and legislative matters.

This camp is known to share the concern in Congress over high deficits and to believe that Mr. Reagan will inevitably have to accommodate those calling for defense spending cutbacks and tax increases.

In the other camp is Treasury Secretary Donald T. Regan, who opposes tax increases and even favors speeding up the next round of the tax cut, which is due to take effect July 1. Mr. Regan is known to feel that Mr. Stockman has flared too often with the idea of tax increases because of an excessive concern over budget deficits.

As seen by his defenders, Mr. Stockman is caught in a vise: On one side, Republican congressional leaders have informed the president that there can be no more cuts in domestic programs next year. On the other are Mr. Regan and his allies, saying that there can be no compromise in the pursuit of such cuts.

"I think Dave's in both schools," said an associate of Mr. Stockman. "He definitely has a streak of realism in him. He knows how much he won't be able to get Congress to cut next year. But he believes some reductions are worthwhile on the merits, even if you don't think they're going to happen."

In early 1981, Mr. Stockman angered and upset James A. Baker 3d, the White House

ceilings established earlier in the year. Mr. Hatfield maintains that Mr. Stockman cares less about overspending than about trying to force administration priorities on Congress.

"There is no question of the man's technical ability and his intellect," said a top congressional aide involved in the budget process. "But I think he can be characterized as slippery in some of his scorekeeping."

Along with many others, this official said that Mr. Stockman used to be able to win budget battles with Congress almost automatically by sheer force of his mastery of the numbers. With his pocket calculator, Mr. Stockman used to be able to rattle off figures and declare flatly that this or that spending measure was over budget.

"I don't think he can do that anymore," said a congressional aide. "At least, I hope not."

But the budget director's tangles with Capitol Hill make up only one part of his problems. He also seems to have had more than his share of internal disputes with administration colleagues.

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## ARTS/LEISURE

## Sales of Cassettes Overtaking Records

By Hans Faniel

New York Times Service

NEW YORK — Some historic moments happen quietly, almost unnoticed. A change of this kind now seems to be happening in music. After nearly a century of undisputed dominance, the traditional phonograph is yielding to the challenge of cassettes.

This conclusion has been reached by the Recording Industries Association of America, the official scorekeeper of the recording business. According to its figures, the sales of prerecorded cassettes reached parity with disk sales last summer in the United States. By the year's end, cassettes will have surpassed disks for the first time. Only last year the ratio was 3 to 3 in favor of disks.

Conceived as a dictating device in the '60s, the cassette was not expected even by its Dutch inventors to develop any musical talents. Yet by constant technical improvement, cassettes reached a condition of musical adequacy within a decade of their debut. By still further painstaking and incremental progress the cassette finally attained sonic equality with the disk.

Not everyone applauds. The recording companies which launched the campaign for prerecorded cassettes are ambivalent about its success. Booming cassette sales cut into their long-established disk operations, most of which are already fully amortized in terms of capital investment in manufacturing plants and therefore yield higher financial returns. By contrast new manufacturing facilities are needed to meet the demand for prerecorded cassettes and to keep abreast of the rapidly advancing technology.

This involves new capital outlay at a time of high credit costs and in an uncertain economy. The cassette explosion is therefore regarded as a somewhat mixed blessing. Still, prevailing management attitudes are realistic, and almost every major release nowadays, both popular and classical, is being issued both in disk and cassette format.

The most important single impetus came in 1979 when Sony introduced its Walkman, since imitated by so many others that the name has become virtually generic. The Walkman marked the first practical combination of portability and fidelity. At about the same time, cassettes

almost totally supplanted the older and technically inferior 8-track cartridge player in cars. Coincident with these two developments was the dramatic improvement in the tonal quality of cassettes, putting them on par with all but the best disk recordings. Consequently, the cassette became acceptable for home listening even for the sonically fastidious segment of the audience.

At home, in the car, or on foot — the cassette emerged as the only format to fit all three situations.

A new purchasing pattern arose. Earlier, a serious audiophile would buy an LP for home listening and then make his own cassette copy for car stereo or Walkman. Or he would buy a prerecorded cassette for mobile use in addition to the home-based LP. Today, the sound quality of the better prerecorded cassettes is such that even tonally demanding listeners no longer feel the need for a supplemental disk.

Partly responsible for the cassette's recent rise upon the quality market is the recent policy on the part of record companies to use premium-grade tape at least for their classical cassette releases. RCA Red Seal and CBS Masterworks have joined such European labels as London, DG, and Philips in switching to chrome or chrome-equivalent tapes yielding wider frequency range and quieter background. Even though there still is a certain degree of variability in the quality of prerecorded tapes from these companies, the sound of these cassettes comes surprisingly close to that of the average record.

Improved sound on cassettes also seems to be spreading to the pop field. A & M has just released the first standard-price pop cassette — an album by "Supertamp" on BASF chrome tape, widely regarded as perhaps the best tape of its kind.

Virtually all companies have abandoned the surcharge formerly placed on cassette releases. Going beyond this, several companies now offer so-called double-play cassettes with up to 90 minutes of music, each containing the equivalent of two complete LPs. At a price little if any higher than that of an ordinary cassette, this represents excellent value in comparison to this one dim spot in an otherwise bright picture.

Many companies have also ventured into so-

called bargain cassettes. RCA recently launched its "Victrola" series — a name charmingly archaic for a line of cassettes — featuring nearly 50 titles from RCA's formidable classical backlog and giving new currency to fabled performances by the likes of Fritz Reiner and Charles Munch. Of course, these bargain issues employ standard ferric tape rather than chrome or other high-grade formulations. Even so, technically more lenient listeners will find the result altogether satisfying.

The perfectionist fringe of the audience is served by a small group of specialized firms going to great lengths to attain the utmost in sonic refinement. One of these companies, In-Sync laboratories, was the first to develop methods for maximizing the tonal potency of prerecorded cassettes. It has since been joined by such elite labels as Desmar, Mobile Fidelity and AAG (American Artists Group).

These premium prerecorded cassettes owe their astounding sound not only to the use of the finest tape formulations (such as BASF chrome and TDK-SAX-X) but also to special duplicating techniques that impress the music on the tape in "real time." This means that the duplicator on which the cassette is made takes an hour's worth of time to run off an hour's worth of music — eschewing the far more economical and commonly used high-speed method that yields an hour-long tape program in about 30 seconds. The more painstaking production method yields audible benefits to listeners whose playback equipment is sensitive to ultimate nuances.

None of this implies that ordinary records are about to disappear. After all, there are an estimated 80 million turntables spinning in the United States alone, clamoring for music on a platter. What's more, hard-bitten hi-fi fans, inconsistent on the last dollop of musical dynamics and extended frequency range, will remain loyal to vinyl, at least until the all-digital laser disk makes its promised appearance.

It is evident from even a cursory survey that cassettes have extended their appeal to customers of all sorts, including those who like to slip the little boxes into their pocket and just walk off with them. Dealers consider this the one dim spot in an otherwise bright picture.

## 'Camelot' Dimmed, and O'Toole the Shawful

By Sheridan Morley

International Herald Tribune

LONDON — If the moribund West End theater is remarkable for anything this Christmas, it will be for the number of deflated old movie stars returning from Hollywood to go spectacularly over the top in rusting vehicles that probably saw service in the Dardanelles. At this rate we'll have Stewart Granger in "The Prisoner of Zenda" at the National by Easter and Greer Garson in the musical of "Mrs. Miniver" by mid-summer.

Meanwhile there is Richard Harris on the last leg of his long

THEATER IN ENGLAND

trans-Atlantic bus-and-truck tour of "Camelot," making a final stopover at the Apollo Victoria, where an English company has been respectfully grouped around him by Michael Rudman.

"Camelot" has always been something of a curiosity: The best score and the worst book that Lerner and Loewe ever wrote, it has been resolutely loathed by critics and loved by audiences (not least the Kennedy family who made its title song the anthem for an entire presidency) for 20 years, and it comes up now looking like the last of the great pantomimes on a set by Desmond Heeley that appears to have been not so much built as inc.

What we have here is, in Noel Coward's celebrated review, "Par-sifal" without the jokes, and Rudman has rightly organized it as a series of marathon pan-to-walk-downs in which the company is encouraged not to bump into the furniture or their leading man, especially when he is waving Excalibur about with reckless abandon. It is arguable that Excalibur gives the least wooden performance in the show, and it's a pity that Harris seems (possibly as a result of a nervous first night) which at one point



Peter O'Toole: Eyeball to eyeball with Shaw.

had him crawling on all fours beneath the curtain to escape the audience at the interval) to have forgotten some of the superlative phrasing of the lyrics that he managed not to bump into the furniture or their leading man, especially when he is waving Excalibur about with reckless abandon. It is arguable that Excalibur gives the least wooden performance in the show, and it's a pity that Harris seems (possibly as a result of a nervous first night) which at one point

It is also unfortunate that Lancelot (Robert Helpmann) has been encouraged to wear a frizzy wig strongly reminiscent of Hermann Gingold, and that Guinevere (Fiona Fullerton) looks more like Harris's daughter than his wife.

Still there is a superlative comic turn from Robin Bailey as Pelleas and, as the gentleman behind me said on the way out, it does make such a nice change from going to the theater.

The much-advertised recall of another screen star, Peter O'Toole, to stage legitimacy has all but obliterated the most interesting aspect of his performance in "Man of Steel" at the Theatre Royal

Haymarket. What O'Toole makes here is a bizarre return to the barnstorming, eye-rolling, stellar flamboyance that may well have been a feature of touring actor-management in his Irish youth. Micheal MacLiammoir and Donald Wolfit would have been the first to recognize what is going on at the Haymarket.

In a desperately slow and deadly dull production by Patrick Dromgoole, surrounded by a cast ranging from the ponderously adequate to the barely employable (the two exceptions being the dour Michael Byrne as Shaw's "new man" and the splendid Joyce Carey as the mother) O'Toole goes flamboyantly into an entire dead-freeze full of ham, taking most of the play with him. Those who saw the supremely intelligent National Theatre revival of this sexist debate last year will have trouble recognizing in this Edwardian shambles the same basic text, but despite evident trouble with his vocal cords, its star does turn in a remarkably mesmeric if dotty central performance, which suggests that the sooner O'Toole starts touring as Higgins in the ice-rink version of "My Fair Lady" the better for us all.

"After the Lions" (Michael Elliott's new production for the Manchester Royal Exchange) is after "The Dresser," the second of Ronald Harwood's "plays theatrical" and it concerns a few months in the life of Sarah Bernhardt when, in 1914 at the age of 70, she had her left leg amputated by a military surgeon near Bordeaux and spent an irritable convalescence considering whether or not to tour the United States as the star attraction in a circus — after the lions of the title.

It is no fault of the great Dorothy Tutin that she is here unable to suggest any of the greatness of Bernhardt: With the anachronistic dialogue she has been given in this undigested hunk of backstage biography, it would have been hard enough to suggest an old character lady in some regional rep worrying about the loss of a job, let alone the world's greatest actress coming to terms with a sudden availability for Long John Silver. But what makes "After the Lions" such a massively disappointing and depressing successor to the "The Dresser" is that Harwood falls into every one of the glib backstage clichés he so triumphantly avoided in the earlier play.

And talking of backstage drama, to celebrate the reopening of the beautifully restored Theatre Royal in Bath, a strong cast led by Annette Crosbie and Bryan Forbes and featuring Emily Williams and Georgia Hale among many others put together a one-night-only world premiere of Noel Coward's last play, "Star Quality." Adapted from one of his own short stories, it is a script on which he would probably have wished to do a little more work. But in an agile production by Forbes, it offered an unusual and intriguing glimpse of Coward's theatrical philosophy, and I suspect that this may not be the last we hear of it.

"Unless our service is seen as relevant and attractive to Welsh speakers, we shall not be successful," he said. "They certainly won't look at programs just because they are in Welsh, nor should we expect them to."

After the Conservative government of Prime Minister Margaret Thatcher took office in 1979, it reversed an election pledge to give Wales its own channel.

The result was a campaign of sabotage against television transmitters by nationalist groups. More than a dozen people, including some senior academics, were jailed. Two thousand persons refused to pay their annual television license fee. Then, Gwynfor Evans, president of the Plaid Cymru, the Welsh nationalist party, announced that he would fast until death over the issue.

There are even such big-time problems as hefty cost overruns. The producer of a planned 90-minute saga about an aristocratic woman of some period in the past who doubles as leader of a band of highwaymen was fired when the project almost doubled in cost and length. It was salvaged by its author, Dafydd Hurn Williams, who now sees it as a two-part series.

What makes all this so unusual is that the potential audience for S4C is tiny by today's standards. A hundred years or so ago, 90 percent of the people in Wales spoke Welsh, a Celtic tongue that was well-

## Dow Jones Averages

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WEDNESDAY, DECEMBER 1, 1982

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## BUSINESS BRIEFS

## Hong Kong Firm Sets Debt Accord

HONG KONG (Reuters) — EDA Investments, a Hong Kong real estate company, has reached preliminary agreement with all but one of its 23 creditor banks on a plan for EDA to restructure its debt of 1.4 billion Hong Kong dollars (\$210.5 million). Schroders & Chartered, EDA's financial adviser, said Tuesday.

A spokesman for Schroders & Chartered said the only bank that had not agreed to participate was Bumiputra Finance, a subsidiary of Bank Bumiputra Malaysia, which is engaged in legal action with EDA over a \$40-million loan. Its absence should not endanger the agreement, the spokesman said.

Meanwhile, the head of a Hong Kong banking association has expressed confidence in the colony's financial institutions. Paul Myhers, chairman of the Deposit-Taking Companies Association, said that the problems of a few borrowers should not lead to exaggerated worries about the stability of Hong Kong's banking system.

## Atari Sues Imagic Over Copyright

NEW YORK (NYT) — Atari, a subsidiary of Warner Communications, has filed a copyright infringement suit against Imagic Inc., a maker of home-video game software.

Atari contends in the suit, filed Monday in Federal District Court in San Francisco, that Imagic's Demon Attack game is a copy of Centuri Inc.'s arcade game Phoenix, which Atari has exclusive rights to produce for the home game market. The suit seeks an injunction against the sale of Demon Attack, and unspecified damages. Demon Attack, which is Imagic's best-selling game, has been on the market nine months.

Bruce L. Davis, vice president for legal affairs at Imagic, said the suit would not have a big effect on the stock offering, although the company would include an amendment in its prospectus dealing with the matter.

## BSC Plans to Eliminate 1,700 Jobs

LONDON (Reuters) — British Steel Corp. plans to eliminate more than 1,700 jobs in plants in Sheffield and Rotherham in Northern England because of falling sales and the need for increased efficiency.

The state-owned corporation said Monday that 815 jobs would be cut in Sheffield and 894 in Rotherham. It said sales for the type of engineering steel made by the plants were 20 percent below levels forecast for this year and were not expected to improve in the near future.

BSC, which is losing 27.2 million (\$11.52 million) a week, has a work force of about 92,000. It has eliminated about 11,000 jobs since 1977.

## Pan Am Sets Some \$99 Fares in U.S.

NEW YORK (AP) — Pan American World Airways has announced a \$99 one-way fare on many U.S. routes, including several that have not benefited from discounts by other airlines.

The discounts are effective from Dec. 1 through Dec. 15 and from Jan. 10 through Feb. 6, and are not subject to restrictions on length of stay or advance purchase, the airline said Monday. The routes involved are between New York and California and between Florida and several northern cities.

Two weeks ago, United Airlines, Trans World Airlines and Capitol Air announced \$99 one-way fares for some flights between New York and California. Those fares carried various restrictions.

## Landesbank Stuttgart to Close Branch

FRANKFURT (Reuters) — Landesbank Stuttgart will close its Luxembourg subsidiary, Landesbank Stuttgart International, by mid-1983 and shift most Euromarket operations to its London branch office, it said Tuesday. The bank cited stagnation in world trade as one cause and said it saw only moderate prospects for an upturn in international credit business.

The Luxembourg unit, which was founded in 1979, was hit earlier this year by the debt problems of Banco Ambrosiano Holdings, the Luxembourg-based subsidiary of the Italian bank that collapsed in August. Landesbank International Stuttgart is believed to have had an exposure of \$10 million, banking sources said.

## Key U.S. Indicators Rose 0.2% in October



WASHINGTON — A key barometer of the nation's future economic health rose a moderate two-tenths of 1 percent in October, the sixth gain in seven months, the government reported late Tuesday.

The rise in the Commerce Department's Index of Leading Indicators was likely to be welcomed as a new sign that the recession might be nearing an end after 16 months. The report also revised September's gain from five-tenths of 1 percent to a much stronger 1.1 percent.

Earlier in the day, the Commerce Department had said the leading index rose 0.6 percent in October, but it later corrected the figure.

A separate index in the report — one designed to measure current economic activity rather than future business — dropped 1 percent in October to its lowest level yet in this recession.

Commerce Secretary Malcolm Baldrige said there was usually a lag of three or four months between improvement in the leading indicators and a rise in actual business activity as measured by the separate Index of Coincident Indicators.

"I believe the prolonged lag this time, and the relatively slow rise in the leading indicators as well was caused by the persistence of high interest rates into the summer," he said in a statement. "With rates now down sharply, however, the housing recovery is under way. A sustained pickup in sales of new cars and other consumer durable goods can be expected to follow."

Meanwhile, Capitol Hill sources said that the latest projections by President Ronald Reagan's budget director, David A. Stockman, envision a deficit this fiscal year of up to \$190 billion, a similar level in the following year and up to \$210 billion in 1985.

The sources, who asked not to be identified, said Mr. Stockman had outlined his forecasts to Mr. Reagan. Last year's unprecedented deficit of \$110.7 billion was higher than most forecasts.

The recent increases in the leading indicators have been small compared with those near the ends of previous recessions. For example,

Malcolm Baldrige

## Experts Say Money Data Hint at U.S. Recovery

By Stephen Fidler  
Reuters

NEW YORK — Possible evidence that the long-awaited upturn in the U.S. economy may be starting was contained in the money-supply figures released Monday by the Federal Reserve Board, U.S. economists say.

The economists acknowledged that economic projections from one week's money-supply figures were hazardous, but they said evidence was mounting that demand for money for transactions was on the increase. A rise in transactions demand is widely seen as an important building block of economic recovery.

William Mellon of Investors Diversified Services in Minneapolis, saw "signs of an unambiguous pickup" in transactions demand. That may be a tentative indication of an imminent economic recovery, he said.

The figures released Monday showed that the basic measure of money, M-1, rose \$2.8 billion in the week that ended Nov. 17.

Kathleen Cooper, senior financial economist with Security Pacific National Bank in Los Angeles, commented, "The strength in the week's figures was in demand deposits, which showed improvement, led by a surge in stock prices."

Also pushing the index up: Initial claims for unemployment benefits slowed, building permits rose, the money supply increased and business deliveries slowed — possibly indicating greater volume.

Four components did worse than in September: Decreased new orders to factories for consumer goods, fewer contracts and orders for plants and equipment, lower prices for sensitive raw materials and a drop in total liquid assets.

The index had dipped two-tenths of 1 percent in August before rising again in September.

tax-exempt All Savers Certificates and by unusual demand for cash or near-cash amid economic uncertainty.

Because about two-thirds of demand deposits are held by corporations, which are prohibited by law from holding interest-paying checking accounts, the rise in demand deposits may show an improvement in companies' cash flows.

Further indications that corporate cash flows are improving is provided in the week's money stock figures, which show that corporations have increased their funds on deposit in overnight repurchases and Eurodollars to record levels, Mr. Mellon said.

"There are enough scattered signs of a business recovery to believe that there some cash out there which is going to be spent," he said.

The strength in M-1 and in corporate overnight repurchases and Eurodollar agreements will also contribute to strength in M-2, a factor that may also be of concern to financial markets and the Fed, Mr. Mellon said.

The Federal Reserve chairman, Paul A. Volcker, said that 1982 growth in M-2 could exceed 9 percent — the top of its annual target range — by one-half to one percentage point without forcing Fed action.

But Mr. Mellon said his projections showed that M-2 could end this month \$17 billion to \$22 billion above target — that is, showing growth of 12 to 15 percent from the fourth quarter of 1981.

Economists' projections also indicate that M-2 growth in October

will be 12 to 15 percent, up from 10 percent in September.

The Fed has used the weakness in demand deposits to downplay the importance of M-1, which it says has been swollen by the maturity of more than \$30 billion in

would look strong even if the unambiguous savings components of the aggregate were removed.

The economists were divided on the implications of this for the possibility of a further cut in the discount rate, now 9 percent.

Mr. Mellon said: "I think the numbers make an imminent discount rate cut almost impossible."

He cited Fed tactics in the open market, in the bank statement week that ended Wednesday, to support his view.

During the previous week, which preceded a discount rate cut, the Fed provided ample cues to the banking system at the start of the bank statement week to drive down the federal funds rate, which banks charge on another on overnight loans. In the current week, Mr. Mellon said, the Fed was depriving the market of funds.

Ms. Cooper of Security Pacific said she believed the Fed would at least await U.S. employment data, due Friday, before making a decision on the discount rate.

Unemployment is likely to have risen to at least 10.5 percent in November from October's postwar record of 10.4 percent, the economists believe. But they noted that

## CORRECTION

Bundesbank President Otto Pöhl expects the U.S. inflation rate to fall as low as 5 or 6 percent this year. An article in Monday's edition erroneously said the forecast was for interest rates.

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will be 12 to 15 percent, up from 10 percent in September.

The Fed has used the weakness in demand deposits to downplay the importance of M-1, which it says has been swollen by the maturity of more than \$30 billion in

employment figures — rather than data on unemployment — were the more important guide to economic prospects.

Timothy Howard, chief economist for the Federal National Mortgage Association in Washington, agreed that the money supply figures Monday reduced the likelihood of a cut in the discount rate this week.

But he added: "It's close to a 50-shot that we'll still see a discount rate cut fairly shortly. If there would be a discount rate cut, it would be a defensive move on the part of the Fed to stop interest rates — and particularly long-term rates — from rising."

The present system does not let commercial banks provide for overseas loans unless the country concerned defaults on its debts, they said.

An official of a leading commercial bank with large overseas loans said that allowing Japanese banks to provide for bad loans abroad would cause adverse political repercussions from other industrial nations, as well as from debtor countries concerned.

The official, who asked not to be named, said such a measure would make it difficult for Japanese banks to roll over short-term credits to debtor countries and would run counter to the Finance Ministry's policy of persuading banks not to pull funds out of nations with liquidity problems.

In order to help such countries, the ministry plans to be more flexible in applying guidelines that limit loans to a foreign country to 20 percent of a bank's equity capital. Tomomitsu Oba, the ministry's director-general of international finance, said in an article in the financial weekly *Kinyu Zaisei Jijo*.

He said his policy has been adopted in response to requests by the U.S. Federal Reserve chairman, Paul A. Volcker, and Finance Minister Luis Ugueto of Venezuela. The guidelines apply to loans

with maturity of one year or longer.

Mr. Oba quoted Mr. Volcker as saying the guidelines might be used by Japanese banks as an excuse for refusing to switch about \$4 billion of short-term loans to Mexico into medium- or long-term loans.

Mr. Ugueto was concerned about a guideline limiting any Japanese bank that lead-manages a syndicated loan to a 10-percent participation in the loan. He feared it might prevent Japanese banks from participating in a loan to Venezuela for switching its short-term borrowings into medium- to long-term loans. Mr. Oba said.

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## The French Economy's Malaise

## Slow Growth

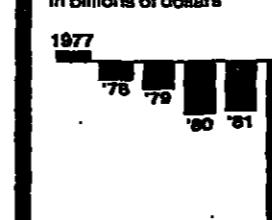
Annual growth rate in gross national or gross domestic product



Source: Organization for Economic Cooperation and Development

## A Ballooning Budget Deficit

In billions of dollars



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## Textile Buyers Sue U.S. on Quotas

By Robert D. Hershey Jr.  
New York Times Service

WASHINGTON — Importers of textiles and apparel have sued the U.S. government in a major challenge to the procedures the government uses to impose quotas on these goods, according to lawyers for the American Association of Exporters and Importers.

The suit, filed Monday with the U.S. Court of International Trade in New York, is regarded as the first broadly based legal attack on a government import control program. It comes at a time of growing concern over protectionist measures among the world's trading nations.

The association represents import companies and major purchasers of foreign-made apparel, such as Sears, Kresge and J.C. Penney, which have become victims of what the group said is increasingly serious "market disruption."

The suit maintains that the government has acted to restrict imports of yarn, cloth and finished clothing by improper administration either of U.S. law or of the more than two dozen bilateral agreements with other countries to which the United States is a party.

"Actions are being taken against textile and apparel imports without any real effort being made to evaluate the effects of those imports on competing U.S. producers," said Peter V. Handal, chairman of the association. "The government also continues to take these actions without providing importers even a semblance of due process."

Imports of textiles and apparel amount to about \$7.5 billion a year, mostly from such developing areas as Hong Kong, South Korea, Taiwan and China.

Walter C. Lenahan, deputy assistant secretary of commerce for textiles and apparel and a defendant in the suit, said in response to the filing: "I believe I am acting within the law. There's ample pre-

cedent for the actions we have taken."

U.S. textile and apparel manufacturers enjoy broad measures of protection from imports. Without these, many specialists say, imports would account for far more than the 10 to 15 percent of the U.S. market they now hold.

Monday's challenge, in a suit filed in what is roughly the equivalent of a federal district court, declared that the government had forced the importers and retailers to pay higher costs, to suffer delays and embargoes of goods and to do business with alternate, less reliable suppliers.

One of the main complaints is that the government is not abiding by the requirements that restrictions be imposed only upon a "reasoned finding of actual or threatened market disruption" based upon current data.

The association maintains that these have been established unilaterally and that the government has admitted that its data are lacking or out of date.

Since 1980, the association said, the government has taken at least 73 restrictive actions against textile and apparel imports without valid findings of market disruption and without providing required due-process opportunities.

In remarks prepared for delivery at the foreign exchange conference in Paris sponsored by the International Herald Tribune and Forex Research Mrs. Ostry said that the outlook varied from region to region but that the OECD foresaw a moderate upturn next year in the United States that would be enough to start reducing unemployment from record levels.

Japanese economic growth will be modest by past standards with half-yearly growth rates of 3 to 4 percent, she said, adding that growth in Europe, after a significant weakening in the second half of this year, will remain sluggish and the increase will be at best in the range of 1 to 2 percent next year.

Stressing the problems of economic forecasting during a recession, Mrs. Ostry said: "We are all more at sea than we used to be, and quite a bit more at sea than we would like."

She declined to give precise details of the forecasts due to be published by the OECD in three weeks in its half-yearly economic outlook. But OECD sources said earlier this month that the organization would forecast that the recession in its member countries would continue for at least another year.

The sources said that the forecast contained a figure of average economic growth of 1.8 percent in 1983 after a fall of 0.2 percent this year.

In a speech Monday opening a meeting of the Latin American Federation of Banks, Mr. Webb rejected the possibility that Argentina would declare a moratorium on payment of its foreign debt. But he said the country's deep recession and lack of foreign reserves would necessitate new loans just to meet overdue payments on the current debt.

With the help of a \$1.8-billion standby loan from the International Monetary Fund, Argentina hopes to obtain a \$2.1-billion bridging loan from international creditors to permit debt rescheduling. Mr. Webb said recently that at least \$15 billion of the debt fell due within a month because of poor loan scheduling.

Argentina is \$2.3 billion behind on interest payments.

**GM to Buy Isuzu Trucks**

TOKYO — Isuzu Motors will supply General Motors with small trucks for assembly in Africa beginning in 1984, the Japanese company announced Tuesday. GM, which plans to use the trucks to expand its African sales, owns 34.2 percent of Isuzu.

**Socialists' Strategy for 'La Crise'**

(Continued from Page 9)  
third devaluation of the franc can be avoided. "France must align its growth rate with that of its neighbors," said Finance Minister Jacques Delors, reflecting the government's lowered horizons.

Eventually, said Louis Gallois, director general of the Industry Ministry, France hopes to be able to grow a growth differential of 1 to 2 percent over West Germany. In the 1940s and '50s France outperformed its neighbors. But the relatively large shift of labor from farm to city that made that differential possible stopped long ago.

France's labor force continues to grow by about 200,000 a year. As a result, nationalized companies are under heavy political pressure to maintain employment just when the government's investment drive should be making them slimmer and more efficient.

In February 1981, Mr. Mitterrand signed the nationalization bill, pledging that "the autonomy of decision-making and action of the newly nationalized companies must be total." Only days later, the so-called autonomous banks were ordered to put up huge loans to save jobs in France's trouble-plagued steel industry—just as previous administrations had regularly arm-twisted the banks into financing privately held companies in trouble.

"France will soon lose the art of banking," an executive of a nation-

## OECD Aide Predicts Low 1982 Output

Reuters

PARIS — Soviet exports to the West rose 19 percent in the first half of 1982 after falling in the two previous years, according to a UN report.

The volume of exports dropped about 8 percent in 1981, after falling 5 percent in 1980. But this year saw a marked turnaround during the first six months, the UN commission said Monday.

Western exports to the Soviet Union also continued to rise rapidly, from 8 percent in 1980 to 16 percent in 1981, the commission said. Estimates for the first half of this year suggested a slackening in the pace, but the volume remained high, at 10 percent. This contrasted with a sharp decline in trade between the West and Eastern Europe, the report added.

World economic output will, at best, recover slightly in 1983 after three years of poor performance for the past three years, the report said. It said overall trade movements reflected those in world production, which showed no signs of improvement during the first half of the year and zero volume growth last year.

On the whole, Western trade with the Soviet Union reflected higher Soviet energy exports, mostly of natural gas, and Soviet gold

## Russians Increase Exports to West

sales, the report said. It said Western food exports to the Soviet Union increased sharply last year, mainly due to more Soviet purchases of grain from North America and other areas.

Soviet grain imports are expected to remain high in 1983-84, as grain production in Russia is reported to be well below planned levels, the commission said.

Gold sales by the Soviet Union rose last year to about 300 tons, worth around \$4 billion. Further sales of 50 to 80 tons took place early in 1982 as prices continued to fall.

Trade between Western and Eastern Europe has been shrinking rapidly, the report said. Eastern European exports fell 6 percent last year after dropping 1 percent in 1980 and a further 6 percent through mid-1982. Western exports dropped 21 percent in the first half of this year after falls of 5 percent last year and 4 percent in 1980.

The commission's findings contrasted with a report from the West Berlin Economic Research Institute earlier this month that said the worldwide recession meant the West could not go on increasing imports from the Soviet Union.

## Economic Woes Force Kuwait to Cut Spending

By Thomas Thomson

Kuwait's gross domestic product, the measure of its goods and services, fell 9.2 percent in 1981 from the previous year, and bankers say the trend has continued this year.

Kuwait, like other OPEC members, has been hit hard by the world oil glut, which has forced the country's output below even its OPEC-assigned quota of 850,000 barrels daily. More than 65 percent of the country's GDP comes from the oil industry.

The stock market crisis, which broke last summer, damaged the business community, and economists say a return of confidence depends on a government rescue package, the results of which are still uncertain.

Finance Minister Abdul-Latif al-Hamad said last month that the government was determined to restore confidence. He said speculators who could not meet debts would pay the penalty in the bankruptcy courts.

The crisis left 26 billion dinars in post-dated checks outstanding when the speculative bubble burst in July.

The government has set up a fund to compensate investors, who are owed up to 2 million dinars. The fund, with capital of 500 million dinars, can only make payments after debtors have been declared bankrupt. None have been so far.

Bankers predict there will be bankruptcies, and say some of them will be spectacular. But they say the number is impossible to forecast.

Stockbroking sources say a stock-clearing company, set up to try to work out who owed what to whom, had received applications from about 6,000 investors by its deadline last month.

The Kuwaiti government has been discreetly supporting the official stock market by purchases through government-owned financial institutions, the sources said.

But prices on the unofficial Souk al-Mahmik, where the speculative fever was greatest, have tumbled by as much as 80 percent from summer peaks.

The government has also pumped large sums into the economy to drive down interest rates and try to revive business.

Government ministries and agencies have moved sizable deposits from the central bank to commercial banks, and the resulting flood of liquidity has brought customer deposit rates down to between 7 and 9 percent from up to 16 percent four months ago.

Bankers say bank involvement in financing stock market speculation was minimal.

World oil demand is predicted to recover only slightly next year, and some bankers say Kuwait might have to tap some of the income from its estimated \$70 billion of foreign investments, which is not included in the state budget.

The National Bank of Kuwait's estimated investment income will total about 3 billion dinars in the year that began July 1, exceeding oil revenue for the first time — by about 100 million dinars.

Reserves have been drained by an estimated \$6 billion to help finance Iraq's war effort. Bankers say more money may have to be provided before the conflict ends.

## COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Britain

Allied-Lyons	1982	1981
6 Months	1,330	1,210
Revenue	50.9	44.9
Profits		

Canada

Bank of Montreal	1982	1981
4th Quar.	54.36	86.80
Profits		
Year	1982	1981
Profits	25.45	35.82

7/7/82 figures restated

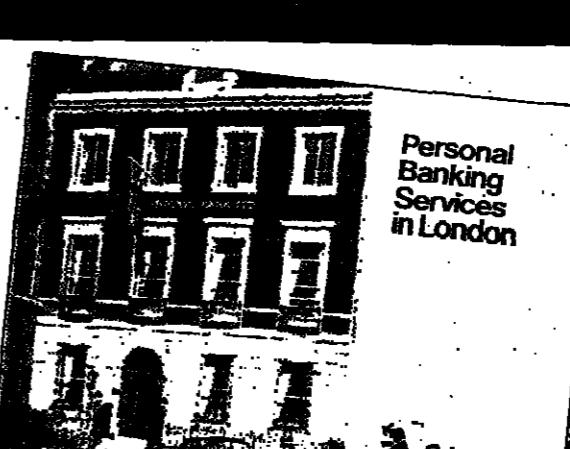
United States	1982	1981
Marmon Group	1982	1981
3rd Quar.	416.9	419.8
Revenue		
Profits	17.48	31.35
9 Months	1982	1981
Revenue	1,260	1,240
Profits	44.84	65.82

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## CROSSWORD

ACROSS		DOWN	
1 Tambourine	1 Worktable	18 Ivanhoe, e.g.	41 Whence to see a wake
5 Clap hands	2 Pro— (proportionate)	19 Perfume	42 Oriental nurses
10 Muscat is here	3 Flying org.	23 Sonn	44 Some who go to Stowe
14 Poise	4 Sea: Fr.	25 Sherman Act	45 — away (decidedly)
15 Pivotal	5 Turret	26 Severe	46 Access
16 — Alto, Calif.	6 "— Abe"	27 Growing out	49 Despot
17 Feeling of elation	7 Askew	28 Ringing	50 Verdi opera
20 Mythical	8 German	29 Devon river	51 Frolic
21 Moslem range	9 philosopher	30 Sculptor	52 Tasso's patron
22 Long-legged bird	10 Before, to Poe	31 Moss or Morse	53 One who does: Jacopo
23 Choppers	11 Luck works	32 Employ anew	54 Corner
24 Comedienne	12 Scandinavian	33 Noggin	55 With competence
25 ... constant, etc.": Shak.	13 Proboscis	34 Nubbin	56 Nabors role
32 Talked at length		35 European	58 Hebrew letter range
34 Outlet		36 Nudist	59 Dealer's endes.
35 Outstanding		37 Yucatan native	
36 Monitor lizard		38 Noggin	
37 Brazilian city		39 European	
39 Westernmost of the Aleutians		40 Gluck works	
40 Fast jet		41 Luck works	
41 Circus star		42 Scandinavian	
42 Chorus section		43 "Westward — takes its way": J. Q. Adams	
43 "Westward — takes its way": J. Q. Adams		44 Some who go to Stowe	
47 Cowboy star		45 — away (decidedly)	
48 Mayday		46 Access	
49 Seaweed		47 Growing out	
52 Our place		48 Ringing	
54 Sleela		49 Despot	
57 "The ...": P. Brooks		50 Verdi opera	
60 Between Shebat and Nisan		51 Frolic	
61 In harmony		52 Tasso's patron	
62 Cut		53 One who does: Jacopo	
63 Bars		54 Corner	
64 Cape — Islands		55 With competence	
65 Scottish terrier		56 Nabors role	
		58 Hebrew letter range	

## WEATHER

	HIGH	LOW	HIGH	LOW
	C	F	C	F
ALGARVE	14	57	8	44
ALGIERS	14	57	8	44
AMERICAN ISLANDS	14	57	8	44
AMARA	14	57	8	44
ATHENS	14	57	8	44
AUCKLAND	14	57	8	44
BALI	14	57	8	44
BANGKOK	14	57	8	44
BEIJING	14	57	8	44
BEIRUT	14	57	8	44
BELGRADE	14	57	8	44
BERLIN	14	57	8	44
BOSTON	14	57	8	44
BRUSSELS	14	57	8	44
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COSTA DEL SOL	14	57	8	44
DAMASCUS	14	57	8	44
DUBLIN	14	57	8	44
EDINBURGH	14	57	8	44
EL PASO	14	57	8	44
FRANKFURT	14	57	8	44
GENEVA	14	57	8	44
HARARIA	14	57	8	44
HONOLULU	14	57	8	44
HONG KONG	14	57	8	44
HOUSTON	14	57	8	44
ISTANBUL	14	57	8	44
JERUSALEM	14	57	8	44
JUAN PABLO	14	57	8	44
LIMA	14	57	8	44
LISBON	14	57	8	44

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— (d) Condor SF 795.95

— (d) Stoclek SF 1,083.00

BANK VON ERNST &amp; Cie AG PB 2422 Bern SF 20.20

— (d) CSF Fund SF 20.20

— (d) ITF Fund N.Y. SF 10.20

UNION BANK OF SWITZERLAND: DM 37.34

UNION BANK OF SWITZERLAND: SF 1,083.00

— (d) Bond Fund SF 1,083.00

— (d) Fonds Swiss Sh SF 1,083.00

— (d) Fund Invest SF 1,083.00

— (d) Pacific Invest SF 1,083.00

— (d) Stoclek Fund SF 1,083.00

— (d) Swiss Bonds SF 1,083.00

UNION INVESTMENT Frankfurt DM 37.34

— (d) Universi ... DM 37.34

— (d) Unibonds DM 37.34

Other Funds SF 1,083.00

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## SPORTS

## Two Argentine Aces and a Feverish Showdown in Madrid



Georgia running back Herschel Walker

## Walker's Heisman Wait Seems Nearing Its End

By Dave Anderson

New York Times Service

NEW YORK — For three seasons now the Heisman Trophy has been a silent inspiration for Herschel Walker, a silent ambition. Not simply the idea of winning, though, the actual bronze Heisman Trophy itself — the one that Frank Sinkwich of Georgia was awarded in 1942, the one that he donated to the university about a decade ago, the one is inside a glass case perched on a pedestal near the student mailboxes in the lobby of McWhorter Hall, the athletic dorm where Walker lives.

"Herschel has to see it every time he goes through the lobby," says Claude Felton of the Georgia Heisman campaign for Walker and Elway, the relative lack of television exposure — because of SMU's probation — until this season has hurt Dickerson's appeal. With 1,617 yards in only 252 carries, he had a 7-yard average this season.

But just as the benefit of being on television often during their college careers has helped the Heisman campaigns for Walker and Elway, the relative lack of television exposure — because of SMU's probation — until this season has hurt Dickerson's appeal. With 1,617 yards in only 252 carries, he had a 7-yard average this season.

Walker, of course, has been a Heisman candidate almost from his opening game as a freshman. He finished third in voting that year, behind George Rogers, now of the New Orleans Saints but then a running back at South Carolina, and Hugh Green, now a linebacker for the Tampa Bay Buccaneers but then a defensive end at Pitt. Last year he finished second to Marcus Allen, now of the Los Angeles Raiders but then a USC running back.

Judging by conversations with the campaign managers for the three leading candidates, running back Walker will be the winner ahead of Stanford quarterback John Elway and Southern Methodist running back Eric Dickerson.

The players haven't been saying much. But their campaign managers, alias the sports information directors at each college, have been trying to gauge how approximately 1,000 sportswriters and sports broadcasters will vote.

"I feel pretty confident," says Felton of Georgia. "Elway will probably carry the Far West and Dickerson the Southwest, but I think Herschel will carry the South, the Midwest, the Northeast and the Mid-Atlantic."

Spoken like a national campaign manager for a presidential candidate. For a campaign manager, being "pretty confident" is virtually a "victory" speech. Especially when the campaign managers for Elway and Dickerson sound as if they're about to compose concession speeches.

"I feel John still has a shot," says Steve Raczyński of Stanford, "but not as good as he once had."

"The Heisman isn't won in one year," says Bob Condron of SMU. "It's usually a cumulative award."

Over three seasons, no college football player has ever accumulated as many credentials as Walker has — 5,259 rushing yards, third on the career list behind two other Heisman winners, Tony Dorsett, who had 6,082 at Pitt, and Charles White, who had 5,596 at Southern Cal.

In leading the Bulldogs to their second 11-0 regular-season record

in his three seasons there, Walker this year ran for 1,752 yards.

"Except for the opener against Clemson this year, when he had a broken thumb and got only 20 yards, Herschel has had 22 straight games with 100 or more rushing yards," says Felton. "Even so, I thought he got off to a slow start this year while Elway was getting off to a fast start. But Herschel got stronger and stronger. Stanford lost a few games, then Herschel ran for 219 yards and three touchdowns against Florida on national television."

Imagine, then, the passions unleashed last Sunday. Imagine Real Madrid, the league leader in pursuit of old glories, falling to its major adversary. Imagine the hostility of 81,000 Madrid fans, some of whom have now threatened their famous stadium with a shutdown because they could not accept defeat.

They pelted the referee, Garcia de Loza, with cushions and missiles. All he had done was officiate at their heroes' eclipse and, given that Spain is now unquestionably the pit of soccer violence, Señor de Loza's sending off two abusive Madrid defenders at the end — after previously booking three players from each side — was par for the course.

The key to the victory was the

International Herald Tribune

LONDON — The political mood may have swung in Madrid, the rains of Spain may have shifted to flood areas away from the plains; but there is always one fixture, one meeting of huge forces, to bring seasons to a crescendo.

It happened Sunday, and probably not even the strictly imperial Japanese £3-million scoreboard in Estadio Bernabeu could quite be

## ROB HUGHES

live its electronic eyes. Real Madrid 0, FC Barcelona 1.

Anyone who has traveled in Spain, particularly those who suffered the bureaucratic impasses between Catalonia and Madrid during last summer's World Cup, will appreciate the ramifications of Barcelona's victory.

In art, in language and administration, in the very rhythm of life, the Catalans are a separate people. And where Basques oppose Madrid through their bombs, Barcelona has its soccer team (which a crowd of 4,500 partisans welcomed back at the airport early Monday).

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ability of one world-famous Argentine to destroy the best laid plans of another.

Diego Maradona, Barcelona's \$7.7-million import, apparently gave a breathtaking display, making the passes for the goals of Esteban and Quiñon — the latter just recovered from injury and, at 33, still a goal-poacher without peer in Spain.

Accepting Catalan accolades is a new experience for Maradona, perhaps one that will temporarily quiet the outrage of Dr. Carles Best, Barcelona's medical director. He is steaming after Maradona called in a dozen detours, he's back in Madrid as coach.

Eighteen winters have passed since the days of Alfredo Di Stefano, who won away, initially to play briefly for Espaol de Barcelona, then to his homeland to train champions, to Valencia to win again and, by a dozen detours, he's back in Madrid as coach.

Down to his bones, he will have felt the impact of Maradona's performance on Sunday.

In only a couple of months, Di Stefano has restored Real Madrid's winning touch; the club leads the championship and is going strong in Europe. But not even a former god will be indulged at Bernabeu should his team go down more than once to Barcelona.

Real Madrid, meanwhile, must answer to the Spanish federation for violence on and off the field. The threat of ground closure followed an earlier, vicious match and aftermath against Real Sociedad, and Real Madrid President Luis de Carlos is already estranged from, and refuses to send delegates to, federation meetings.

What on earth, one wonders, would happen if Spanish referees were to adopt the strict new interpretation of soccer's laws that has swept like brushfire through England?

English referees, you may recall, were instructed to send off players who commit the so-called "professional foul," a pseudonym for the cynical foul that deprives forwards of goals.

The results have been predictable: Twice as many dismissals than at this stage last year; players, managers and coaches squelching like kindergarten bullies; misguided media headlines of "day of shame."

Not while the little fellow is winning matches in Madrid, they won't.

Asi Alfredo Di Stefano. He is Argentine and, while scoring 440 goals in 600 matches for Real Madrid, was king.

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"Offended players are looking to the referee for justice, and we aim to continue providing it."

Bully for them. There has been a direct increase in the goals scored, goals in some measure due to defenders who habitually cheated when they knew they were beaten. There are also signs of these defenders' learning new what used to be a British trait — the strong, well-timed, fair tackle.

In England, the players' acceptance of cheating was such that their own union foresaw matches finishing at nine men a side instead of 11.

It hasn't quite been that severe, but the mind boggles at the effects of any determined attempt to properly punish all those hatchet men disfiguring the game in Spain. Even a computerized Japanese scoreboard would have trouble recording the mayhem.

But if the Spaniards are not interested in playing within the rules, FIFA and UEFA have another clear mandate to kick them out until they do.

abandoned the cheating game that authority really means business.

The pity is that such governing bodies as FIFA and UEFA remain aloof to the utter need for tougher application of the laws.

And that is all it takes — not a change of sanctimonious rules, just the courage to interpret actions of thugs and cheats as "serious foul play."

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## NBA Leaders

SCORING	GAMES				ASSISTS
	G	FG	FT	PCT	
Gervin, S.A.	15	45	119	164	109
Dentrey, Utha	15	54	107	161	105
English, Den.	15	57	120	165	105
Thrus. Chil.	15	57	120	165	105
Thrus. Eng. Det.	15	57	120	165	105
Fres. G.S.	15	57	120	165	105
Commers, S.D.	15	57	120	165	105
Bird, Bos.	15	57	120	165	105
Isabel, Det.	15	57	120	165	105
Thrus. Eng. Phil.	15	57	120	165	105
Thrus. Det.	15	57	120	165	105
Gritt. Ithm.	15	57	120	165	105
Abdul-Jabbar, L.A.	15	57	120	165	105
Elvin, Det.	15	57	120	165	105
Evans, Phil.	15	57	120	165	105
Paxson, Phil.	15	57	120	165	105
E. Johnson, K.C.	15	57	120	165	105
Williams, S.A.	15	57	120	165	105
Gillums, A.M.	15	57	120	165	105
Roundfield, A.M.	15	57	120	165	105

## FIELD GOAL PERCENTAGE

FG	FGA	Pct.
53	169	.319
54	169	.325
55	169	.325
56	169	.325
57	169	.325
58	169	.325
59	169	.325
60	169	.325
61	169	.325
62	169	.325
63	169	.325
64	169	.325
65	169	.325
66	169	.325
67	169	.325
68	169	.325
69	169	.325
70	169	.325
71	169	.325
72	169	.325
73	169	.325
74	169	.325
75	169	.325
76	169	.325
77	169	.325
78	169	.325
79	169	.325
80	169	.325
81	169	.325
82	169	.325
83	169	.325
84	169	.325
85	169	.325
86	169	.325
87	169	.325
88	169	.325
89	169	.325
90	169	.325
91	169	.325
92	169	.325
93	169	.325
94	169	.325
95	169	.325
96	169	.325
97	169	.325
98	169	.325
99	169	.325
100	169	.325
101	169	.325
102	169	.325
103	169	

